

(5) the number for whom probation is revoked, the reasons for revocation, and the consequences imposed;

(6) the number given an executed prison sentence upon conviction and the length of the sentence;

(7) the number given an executed prison sentence upon revocation of probation and the length of sentence;

(8) the number who successfully complete treatment in prison;

(9) the number placed on intensive supervision following release from incarceration;

(10) the number who violate supervised release and the consequences imposed; and

(11) any other information the commissioner deems relevant to estimating future costs.

Sec. 16. **REPORT ON INSURANCE COVERAGE.**

By February 1, 2004, the commissioner of corrections shall report to the chairs of the senate and house committees with jurisdiction over criminal justice funding on the number of cases in which a felony DWI offender had private health insurance coverage for chemical dependency treatment, and the results of the commissioner's attempts to obtain coverage for this treatment under Minnesota Statutes, section 62Q.137.

Sec. 17. **EFFECTIVE DATE.**

Sections 1 to 12 and 14 to 16 are effective August 1, 2002, and apply to crimes committed on or after that date. However, violations occurring before August 1, 2002, that are listed in Minnesota Statutes, section 169A.03, subdivisions 20 and 21, are considered qualified prior impaired driving incidents for purposes of this act. Section 13 is effective July 1, 2001.

Presented to the governor June 30, 2001

Signed by the governor June 30, 2001, 8:50 p.m.

CHAPTER 10—S.F.No. 9

An act relating to state government; appropriating money for the general legislative and administrative expenses of state government; modifying provisions relating to state and local government operations; modifying election, retirement, and pension provisions; amending Minnesota Statutes 2000, sections 3.3005, subdivisions 2, 3, 3a, 4, 5, by adding subdivisions; 3.85, subdivision 3; 3.855, subdivision 3; 3.97, subdivision 3a; 3.979, by adding a subdivision; 3.98, subdivision 2; 3A.03, subdivision 2; 7.09, subdivision 1; 10A.31, subdivision 3a, 7; 11A.18, subdivision 7; 13D.01, subdivision 1; 15.0575, subdivision 3, as amended; 15.059, subdivision 3,

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

as amended; 15A.0815, subdivision 1, by adding a subdivision; 16A.06, by adding a subdivision; 16A.10, by adding a subdivision; 16A.152, subdivision 7; 16B.25, subdivision 2; 16B.60, subdivision 3, by adding subdivisions; 16B.61, subdivision 1, as amended; 16B.65; 16B.70, by adding a subdivision; 16B.88, subdivision 1; 16C.02, by adding a subdivision; 16C.03, subdivision 2, by adding a subdivision; 16C.04, by adding a subdivision; 16C.05, subdivision 2; 16C.06, subdivisions 2, 3; 16C.081; 16C.22; 16E.04, subdivision 2, as amended; 43A.04, by adding subdivisions; 43A.047; 69.011, subdivision 1; 79.34, subdivision 1; 103C.311, subdivision 1; 136F.07; 136F.40, subdivision 2; 179A.15; 190.06, subdivision 1; 190.07; 192.501, subdivision 2; 193.144, subdivision 6; 193.145, subdivision 4; 193.148; 197.75, subdivisions 1, 2; 200.02, subdivisions 7, 23; 201.016, subdivision 1a; 201.022; 202A.19, subdivision 1; 203B.04, subdivisions 1, 5; 203B.06, by adding a subdivision; 203B.07, subdivision 1; 203B.16, subdivision 1; 203B.17, subdivision 1; 204B.06, subdivision 1; 204B.07, subdivision 2; 204B.09, subdivisions 1, 3; 204B.20; 204B.22, subdivisions 1, 3; 204B.23; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 204C.03, subdivision 1; 204C.35; 204C.36, subdivisions 1, 3; 204D.04, subdivision 2; 204D.09; 204D.11, subdivision 4; 204D.24, subdivision 2; 205.13, subdivision 1a; 205.17, by adding a subdivision; 205.185, subdivision 3; 206.81; 211A.02, subdivision 4; 214.09, subdivision 3, as amended; 270A.07, subdivision 1; 317A.123, subdivision 1; 317A.827, subdivision 2; 349.165, subdivisions 1, 3; 352.01, subdivisions 2a, 2b, 11; 352.113, subdivisions 4, 6; 352.22, subdivision 8; 352.87, subdivisions 4, 5; 352.95, subdivisions 4, 5, 7; 352B.01, subdivisions 2, 3, 11; 352B.10, subdivision 3; 352B.101; 353.01, subdivisions 1, 2, 2a, 2b, 6, 7, 11b, 12a, 16, by adding subdivisions; 353.27, subdivisions 2, 3, 4, 11; 353.86, subdivision 1; 354.05, subdivisions 2, 13; 354.41, subdivision 4; 354.52, subdivision 3; 354.534, subdivision 1; 354.536, subdivision 1; 354.539; 354A.011, subdivisions 4, 24; 354A.098, subdivision 1; 354A.101, subdivision 1; 354A.106; 354A.12, subdivision 5; 354A.31, subdivision 3; 354A.35, subdivision 4; 356.215, subdivision 4g; 356.24, subdivision 1; 356.55, subdivision 7; 356A.06, subdivision 5; 356A.08, subdivision 1; 357.18, subdivision 3; 358.10; 367.03, subdivision 6; 403.11, subdivision 1; 422A.155; 423B.01, by adding a subdivision; 423B.05, by adding subdivisions; 424A.04, by adding a subdivision; 473.13, by adding a subdivision; 490.121, subdivision 4; 517.08, subdivisions 1b, 1c, as amended; 574.26, subdivision 2; 645.44, by adding a subdivision; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 1998, chapter 366, section 80; Laws 1999, chapter 250, article 1, section 12, subdivision 3, as amended; Laws 2000, chapter 461, article 10, section 3; proposing coding for new law in Minnesota Statutes, chapters 3, 4A; 13; 16A; 16C; 16E; 200; 204B; 211B; 240A; 352; 352F; 353F; 354; 354A; 354B; 356; 383D; 473; proposing coding for new law as Minnesota Statutes, chapters 116T; 423C; repealing Minnesota Statutes 2000, sections 16A.67; 16A.6701; 16E.08; 43A.18, subdivision 5; 129D.06; 179A.07, subdivision 7; 204B.06, subdivision 1a; 204C.15, subdivision 2a; 246.18, subdivision 7; 354.41, subdivision 9; 354A.026; Laws 1907, chapter 24; Laws 1913, chapters 318, 419; Laws 1917, chapter 196; Laws 1919, chapters 515, 523; Laws 1921, chapter 404; Laws 1923, chapter 61; Laws 1945, chapter 322; Laws 1959, chapter 491; Laws 1959, chapter 568, as amended; Laws 1961, chapter 109; Extra Session Laws 1961, chapter 3; Laws 1963, chapter 318, as amended; Laws 1965, chapter 519, as amended; Laws 1965, chapter 578, as amended; Laws 1967, chapter 819, as amended; Laws 1967, chapter 824, as amended; Laws 1969, chapter 123, as amended; Laws 1969, chapter 287; Laws 1971, chapter 542, as amended; Laws 1975, chapter 57, as amended; Laws 1977, chapter 164, section 2, as amended; Laws 1980, chapter 607, article XV, sections 8, as amended, 9, as amended, 10, as amended; Laws 1988, chapter 572, section 4; Laws 1988, chapter 574, section 3; Laws 1989, chapter 319, article 19, sections 6, as amended, 7, as amended; Laws 1990, chapter 589, article 1, sections 5, as amended, 6, as amended; Laws 1992, chapter 429; Laws 1992, chapter 454, section 2, as amended; Laws 1992, chapter 471, article 2, as amended; Laws 1993, chapter 125, as amended; Laws 1993, chapter 192, section 32;

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

Laws 1994, chapter 591, as amended; Laws 1994, chapter 632, article 3, section 14; Laws 1996, chapter 448, article 2, section 3; Laws 1996, chapter 448, article 3, section 1; Laws 1997, chapter 233, article 4, sections 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22; Laws 1998, chapter 390, article 7, section 2; Laws 2000, chapter 461, article 17, sections 6, 7, 8, 9, 10, 11, 12, 13; Minnesota Rules, part 8250.1400.

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

ARTICLE 1

APPROPRIATIONS

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2001," "2002," and "2003," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2001, June 30, 2002, or June 30, 2003, respectively.

		APPROPRIATIONS	
		Available for the Year	
		Ending June 30	
		2002	2003
Sec. 2. LEGISLATURE			
Subdivision 1. Total Appropriation		67,776,000	68,773,000
Summary by Fund			
General	67,626,000	68,623,000	
Health Care Access	150,000	150,000	
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.			
Subd. 2. Senate		24,021,000	22,918,000
Subd. 3. House of Representatives		28,035,000	30,318,000

Subd. 4. Legislative Coordinating Commission	10,215,000	10,068,000
--	------------	------------

Summary by Fund

General	10,065,000	9,918,000
Health Care Access	150,000	150,000

Effective January 6, 2003, the salaries of other constitutional officers are set at the following percentages of the salary of the governor:

attorney general - 95 percent;
state auditor - 85 percent;
secretary of state - 75 percent;
lieutenant governor - 65 percent.

The compensation council recommendation of 2001 for legislators and constitutional officers may not take effect.

\$6,420,000 the first year and \$6,535,000 the second year are for the office of the revisor of statutes.

\$1,242,000 the first year and \$1,273,000 the second year are for the legislative reference library.

\$5,505,000 the first year and \$5,469,000 the second year are for the office of the legislative auditor and legislative audit commission.

The legislative work group on television coverage consists of two members of the senate appointed by the subcommittee on committees of the committee on rules and administration, two members of the house of representatives appointed by the speaker, and two members representing the Minnesota public television association ap-

pointed by the association. In an effort to take full advantage of the new digital technology and interconnection system to be constructed by public television, the work group must examine the best management structure and distribution format to provide gavel-to-gavel coverage of house and senate sessions and other legislative hearings of public importance. The group must make specific recommendations regarding the consolidation of television services now being provided by the house and senate, including the advisability and practicality of having that coverage provided by public television. The group must provide an interim report to the legislature by February 1, 2002, and submit a final report, including budget recommendations, by January 10, 2003.

The legislative coordinating commission, or a joint subcommittee appointed by the commission for that purpose, must investigate ways in which the public information offices of the senate and the house of representatives might reduce costs and increase public awareness by consolidating some or all of their services, including, at a minimum, the publication of a single schedule for house and senate committee meetings. The commission must report its findings and recommendations to the legislature by February 1, 2002.

During the interim between the 2001 and 2002 legislative sessions, legislative appointing authorities may work with the department of employee relations to place legislative staff on temporary assignments in state agencies. The legislature is responsible for salary and benefits of employees who choose these temporary assignments. Work assignments and hours must be negotiated by legislative appointing authori-

ties and the state agencies getting interim use of legislative staff. Refusal of a commissioner to find a suitable work assignment for interested and qualified legislative staff must be reported to the budget committee chairs of the house and senate that have jurisdiction over that agency's budget.

**Sec. 3. GOVERNOR AND
LIEUTENANT GOVERNOR**

4,601,000

4,714,000

This appropriation is to fund the offices of the governor and lieutenant governor.

\$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

By September 1 of each year, the commissioner of finance shall report to the chairs of the senate governmental operations budget division and the house state government finance division any personnel costs incurred by the office of the governor and lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

The funds appropriated to the governor's office for maintenance of the governor's residence are transferred to the department of administration for the same purpose.

Sec. 4. STATE AUDITOR

10,051,000

10,297,000

Sec. 5. STATE TREASURER

2,351,000

2,331,000

\$1,093,000 the first year and \$1,125,000 the second year are for the treasurer to pay for banking services by fees rather than by compensating balances.

Sec. 6. ATTORNEY GENERAL	29,278,000	29,911,000
--------------------------	------------	------------

Summary by Fund

General	26,825,000	27,406,000
---------	------------	------------

State Government Special Revenue	1,834,000	1,876,000
-------------------------------------	-----------	-----------

Environmental	142,000	145,000
---------------	---------	---------

Solid Waste	477,000	484,000
-------------	---------	---------

Sec. 7. SECRETARY OF STATE	7,410,000	7,465,000
----------------------------	-----------	-----------

\$1,306,000 the first year and \$1,054,000 the second year are for uniform commercial code operating costs.

The base funding for this activity is \$914,000 for fiscal year 2004 and \$861,000 for fiscal year 2005.

Sec. 8. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	674,000	702,000
---	---------	---------

For 2001 - \$35,000

\$35,000 in fiscal year 2001 is for the campaign finance and public disclosure board for operating budget deficiencies.

Sec. 9. INVESTMENT BOARD	2,477,000	2,535,000
--------------------------	-----------	-----------

Sec. 10. ADMINISTRATIVE HEARINGS	7,444,000	7,941,000
-------------------------------------	-----------	-----------

This appropriation is from the workers' compensation fund.

Fee increases proposed for the Office of Administrative Hearings by the governor in the 2002-2003 state government biennial budget document are approved, as well as

fee increases necessary as a result of judicial salary increases.

**Sec. 11. OFFICE OF STRATEGIC AND
LONG-RANGE PLANNING**

5,621,000

4,988,000

\$170,000 the first year is to continue the generic environmental impact statement on animal agriculture. Funds not spent in the first year are available in the second year.

\$500,000 the first year is for one-time grants of \$50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director, to support planning work on behalf of local units of government. The planning work must take into consideration any impacts on private property rights and must include at least one of the following: (1) development of local zoning ordinances; (2) land use plans; (3) community or economic development plans; (4) transportation and transit plans; (5) solid waste management plans; (6) wastewater management plans; (7) workforce development plans; (8) housing development plans and market analyses; (9) rural health service and senior nutrition plans; (10) natural resources management plans; or (11) development of a geographical information systems database to serve a region's needs, including hardware and software purchases and related labor costs. State grant funds must be matched on a dollar-for-dollar basis by nonstate funds.

The office of strategic and long-range planning, in consultation with the department of natural resources and appropriate and affected parties, must prepare urban rivers sustainable development draft guidelines along the central business districts of rivers in urban areas of the state. The office must:

(1) evaluate existing state and municipal laws;

(2) evaluate the need for the department of natural resources to have authority to adopt rules to implement the Mississippi river critical area order (executive order 79-19);

(3) review federal legislation affecting urban rivers; and

(4) identify the technical and administrative procedures to guide urban river development. The draft guidelines must be made available to the environmental and economic development policy committees of the legislature, and to interested parties, by January 15, 2002.

\$100,000 the first year is for a grant to support subregional comprehensive planning by the N.M. I-35W Corridor Coalition. The appropriation is available until June 30, 2003. The subregional work must include the following components leading to a coordinated subregional comprehensive plan submission to the metropolitan council in 2003: (1) coordinated land use plans; (2) coordinated economic development and redevelopment strategies focused on redefining metropolitan competitiveness with linkage to creating local job opportunities and integrated housing, transportation, and transit systems; (3) coordinated transportation and transit plans; (4) coordinated workforce development plans; (5) coordinated subregional housing development plans and market analyses ensuring healthy neighborhoods and increased choice in lifecycle housing; (6) coordinated natural resources management plans; (7) expanded GIS database management system focused on improving subregional decision making through access to better data

and tools for analysis as well as being exportable to other regional and subregional collaborative efforts; and (8) establishment of a coalition institute structured to utilize livable community principles to address issues of growth and infill, to support standards for quality development, and to create direct benefit for learning experience and sharing with other regional and subregional organizations and agencies. State grant funds must be matched on a dollar-for-dollar basis from nonstate funds. Local planning work supported by this appropriation must adhere to the goals of sustainable land use planning under Minnesota Statutes, section 4A.08.

The director must create a competition council. The competition council must make recommendations to the executive and legislative branches on opportunities, strategies, and best practices for competitive delivery of services or goods currently delivered by government.

Sec. 12. ADMINISTRATION

Subdivision 1. Total Appropriation	67,557,000	46,971,000
------------------------------------	------------	------------

For 2001 - \$75,000

Summary by Fund

General	45,230,000	26,602,000
---------	------------	------------

For 2001 - \$75,000

State Government Special Revenue	22,027,000	20,369,000
-------------------------------------	------------	------------

Special Revenue	300,000	-0-
-----------------	---------	-----

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Operations Management

3,632,000	3,745,000
-----------	-----------

Subd. 3. Office of Technology

13,173,000	3,435,000
------------	-----------

Summary by Fund

General	12,299,000	2,830,000
State Government Special Revenue	574,000	605,000
Special Revenue	300,000	-0-

\$300,000 in fiscal year 2002 is from the unemployment insurance technology initiative account in the special revenue fund for a study of the unemployment insurance technology initiative project. The study should include an analysis of current business processes, identification of re-engineering opportunities, and development of a project plan, and should ensure integration with the state's enterprise architecture. The study is the joint responsibility of the office of technology and the department of economic security unemployment branch. The study must be completed no later than June 30, 2002. Upon completion of the study, the department of economic security may begin immediate and independent implementation of the full project plan.

\$9,400,000 is for deposit in the technology enterprise fund. From this amount, the commissioner may spend up to \$864,000

for technology analysts in the office of technology, up to \$1,489,000 for small agency infrastructure, up to \$5,400,000 for completion of the income tax re-engineering project in the department of revenue, up to \$1,200,000 for new income tax re-engineering costs, and up to \$40,000 for the local area network at the capitol area architectural and planning board.

For the fiscal year 2004-2005 biennium, up to \$540,000 each year may be added to the base level funding for technology analyst positions.

For the fiscal year 2004-2005 biennium, up to a total of \$500,000 may be added to the base level funding for the Capitol Area Architectural and Planning Board, the Architecture and Engineering Board, the Campaign Finance and Public Disclosure Board, the Mediation Services Bureau, the Minnesota Racing Commission, the Sentencing Guidelines Commission, the Department of Veterans Affairs, and the Lawful Gambling Control Board.

For the fiscal year 2004-2005 biennium, up to \$300,000 each year may be added to the base level funding of the Department of Revenue for the operational costs related to the income tax re-engineering project.

\$1,179,000 from the state government special revenue fund is for a transfer to the board of chiropractic examiners, the board of medical practice, the board of nursing, and the board of social work for the small agency infrastructure project. This appropriation is available until June 30, 2003. The commissioner shall report on the progress of the small agency infrastructure project to the chairs of the legislative com-

mittees responsible for this budget item by January 15, 2002.

(a) The commissioner of administration must contract with an entity outside of state government to prepare a supplemental evaluation, risk assessment, and risk mitigation plan for the CrimNet system. The entity performing this work must not have any other direct or indirect financial interest in the project.

(b) Before January 1, 2002, each recipient of an appropriation for the CrimNet system must, in consultation with the commissioner of administration, submit to the entity selected under paragraph (a):

(1) a list of objectives the entity expects to achieve with the money appropriated to it; and

(2) a list of performance measures that can be used to determine the extent to which these objectives are being met.

(c) The evaluation, risk assessment, and risk mitigation plan must separately consider each component of the project, including: suspense files, the integration backbone, the Minnesota court information system, photo imaging, livescan cardhandler, predatory offender registration, CJDN upgrade, statewide supervision, and county planning and implementation grants. For each component, the evaluation may also consider:

(1) the likelihood that each entity will achieve its objectives within the limits of the money appropriated; and

(2) the appropriateness of the performance

measures suggested by each entity receiving an appropriation.

(d) Work on the evaluation, risk assessment, and risk mitigation plan must begin as soon as practicable but no later than November 15, 2001. The results of the evaluation, risk assessment, and risk mitigation plan must be reported to the legislature, the commissioner of administration, and the chief justice of the supreme court by March 15, 2002. The final report must include recommendations on changes or improvements needed for each component of the program and whether or not a component should proceed. A recommendation not to proceed with a component of the project is only advisory. Decisions regarding proceeding with project components will be made by the commissioner of public safety in consultation with the policy group.

(e) During the biennium ending June 30, 2003, Minnesota Statutes, section 16E.0465 does not apply to the CrimNet system.

\$468,000 the first year and \$468,000 the second year are for ongoing costs of the North Star II project under Minnesota Statutes, section 16E.07.

\$120,000 from the general fund is for the Minnesota high technology foundation for the Minnesota computers for schools program. The foundation must provide a match of \$1 of private funds for every \$1 of state funds appropriated for the Minnesota computers for schools program.

The office must establish the state information architecture under Minnesota Statutes, section 16E.04, subdivision 2, by March 1, 2002.

Subd. 4. Intertechnologies Group

22,312,000 20,623,000

Summary by Fund

General	859,000	859,000
---------	---------	---------

State Government Special Revenue	21,453,000	19,764,000
-------------------------------------	------------	------------

\$3,988,000 in fiscal year 2002 is from the 911 fund under Minnesota Statutes, section 403.11, for increased costs associated with wireless-enhanced 911 and for reimbursements to providers for prior period services not yet certified by the public utilities commission.

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

Subd. 5. Facilities Management

11,689,000 11,929,000

For 2001 - \$75,000

\$7,584,000 the first year and \$7,844,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

\$2,000,000 of the balance in the state building code account in the state government special revenue fund as of July 1, 2001, is canceled to the general fund.

The unexpended balance in the parking surcharge account in the state government special revenue fund as of July 1, 2001, is canceled to the general fund.

A joint house-senate task force must be appointed to study the allocation of spaces in the State Office Building parking ramp. Members of the task force must include a representative of the house majority, the house minority, the senate majority, the senate minority, the legislative coordinating commission, the legislative reference library, the revisor's office, and the secretary of state. A report must be presented to the chairs and lead minority members of the house and senate state government operations committees, by October 15, 2001. In developing the report, the task force must examine the issues of proportional representation based on full-time staff housed in the State Office Building, safety, fringe benefits, recruitment needs, and staff seniority, and may consider other appropriate issues. The report must include a transition plan for any recommended changes, and may include recommendations regarding the creation of additional secure parking spaces.

The commissioner of administration and the capitol area architectural and planning board must investigate the possibility and advisability of locating a bookshop or giftshop in the capitol and must report their findings and recommendations to the legislature by February 1, 2002.

\$75,000 in fiscal year 2001 and \$125,000 in fiscal year 2002 are for pursuing litigation to recover costs associated with indoor air quality issues at the Luverne veterans home.

Subd. 6. Management Services

3,684,000	3,907,000
-----------	-----------

\$196,000 the first year and \$196,000 the second year are for the office of the state archaeologist.

\$74,000 the first year and \$74,000 the second year are for the developmental disabilities council.

The management analysis division, in consultation with the Minnesota Amateur Sports Commission, must report to the legislature by January 15, 2002, a plan for the commission to operate without a state subsidy, beginning July 1, 2003. The plan must describe: (1) new revenues the commission would obtain to replace state subsidies; or (2) plans for cost reductions so that anticipated revenues would equal expenditures, without state subsidies.

The management analysis division shall conduct a study to assess the feasibility of collecting fees for services provided by the office of the state archaeologist. The management analysis division shall submit a report to the chair of the senate state government, economic development and the judiciary budget division and the chair of the house of representatives state government finance committees by July 15, 2002.

\$200,000 the first year and \$100,000 the second year are for the STAR program. This is a one-time appropriation.

Subd. 7. Fiscal Agent

1,937,000

2,000

\$35,000 the first year is for a grant to the Longville city hall district to complete construction of the Longville city hall ambulance building. * (The preceding text

beginning “\$35,000 the first year” was indicated as vetoed by the governor.)

\$2,000 the first year and \$2,000 the second year are for the state employees’ band.

\$1,900,000 the first year is for deposit in the voting equipment grant account.

Subd. 8. Public Broadcasting

11,130,000 3,330,000

\$1,450,000 the first year and \$1,450,000 the second year are for matching grants for public television.

\$600,000 the first year and \$600,000 the second year are for public television equipment grants.

\$7,800,000 the first year is for grants to noncommercial television stations to assist with conversion to a digital broadcast signal as mandated by the federal government. In order to qualify for a grant, a station must meet the criteria established for grants in Minnesota Statutes, section 129D.12, subdivision 2.

Grants for the conversion to digital television must not be distributed except as agreed to in writing by the commissioner of administration and the Minnesota Public Television Association. The agreement must include provisions specifying uses of digital broadcast capability to serve needs of state and local units of government in a manner consistent with project management analyses of the Minnesota office of technology and, to the greatest extent feasible, integrating digital broadcast infrastructure and use of spectrum with existing and prospective statewide information and

communications networks. The agreement must be made by January 15, 2002, or this appropriation cancels.

To avoid duplication, a station using money from this appropriation to construct a tower must consult with public radio stations in its area to determine if they have a similar need. If a public radio station has a similar need, a cost benefit analysis must be completed to determine if it is more economically feasible to jointly construct the new tower. All parties must share in the cost of construction and maintenance of the tower.

Equipment or digital conversion grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$441,000 the first year and \$441,000 the second year are for grants and for contracts with the senate and house of representatives for public information television, Internet, Intranet, and other transmission of legislative activities. At least one-half must go for programming to be broadcast and transmitted to rural Minnesota.

\$25,000 the first year and \$25,000 the second year are for grants to the Twin Cities regional cable channel.

\$320,000 the first year and \$320,000 the second year are for community service grants to public educational radio stations.

\$87,000 the first year and \$87,000 the second year are for equipment grants to public educational radio stations. The grants must be allocated after considering the recommendations of the association of Minnesota public educational radio stations

under Minnesota Statutes, section 129D.14.

\$407,000 the first year and \$407,000 the second year are for equipment grants to Minnesota Public Radio, Inc.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

Subd. 9. Minneapolis-Guthrie Theater

The appropriation in Laws 2000, chapter 492, article 1, section 14, subdivision 3, may be used to predesign and begin design of a new Guthrie Theater and need not be used to acquire and prepare a site for the theater nor to construct, furnish, and equip it. * (The preceding subdivision was indicated as vetoed by the governor.)

Sec. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

315,000

323,000

During the biennium ending June 30, 2003, money received by the board from public agencies, as provided by Minnesota Statutes, section 15.50, subdivision 3, is appropriated to the board.

Sec. 14. FINANCE

Subdivision 1. Total Appropriation

18,250,000

18,639,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. State Financial Management

8,443,000

8,548,000

Subd. 3. Information and Management Services

9,807,000 10,091,000

The commissioners of finance and administration shall study building projects authorized for state agencies. The study shall include an estimate of any change in operating costs to agencies related to the construction or major renovation of facilities that have been authorized since 1996. The analysis may consider a representative sample of projects and must measure actual cost increases due solely to building operations. The study shall also contain a comparison of the cash flows of the projects estimated by agencies at the time projects were proposed to the legislature and the actual cash flows of the projects. The commissioners shall consult with the finance chair in the senate and the ways and means chair in the house on the methodology used in the analysis and submit a final report to the chairs by January 15, 2002. The commissioner of finance shall use the results of the analysis of increased operating costs in any planning budget included under Minnesota Statutes, section 16A.103.

Sec. 15. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation 8,245,000 8,470,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Employee Insurance

70,000 70,000

Subd. 3. Human Resources Management

8,175,000 8,400,000

\$25,000 the first year and \$25,000 the second year are for a grant to the government training service.

\$50,000 each year is for the training and development resource center.

Sec. 16. REVENUE

Subdivision 1. Total Appropriation	95,259,000	96,549,000
------------------------------------	------------	------------

Summary by Fund

General	91,030,000	92,238,000
Health Care Access	1,731,000	1,764,000
Highway User Tax Distribution	2,191,000	2,237,000
Environmental	107,000	110,000
Solid Waste	200,000	200,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Tax System Management

84,420,000	85,728,000
------------	------------

Summary by Fund

General	80,244,000	81,470,000
Health Care Access	1,678,000	1,711,000
Highway User Tax Distribution	2,191,000	2,237,000
Environmental	107,000	110,000
Solid Waste	200,000	200,000

(a) \$1,037,000 the first year and \$624,000 the second year is for an initiative to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$20,000,000 for the biennium ending June 30, 2003.

(b) \$1,783,000 the first year and \$1,570,000 the second year is for an initiative to increase audit and collection activity in the income tax, sales tax, and corporate tax areas. This initiative is expected to result in new general fund revenues of \$32,000,000 for the biennium ending June 30, 2003.

(c) The department must report to the chairs of the House Ways and Means and Senate Finance Committees by January 15, 2002, and January 15, 2003, on the following performance indicators:

(1) The number of debt cases referred each year to the Internal Revenue Service for recapture of Minnesota state taxes from federal tax refunds and the associated dollar amounts.

(2) The number of nonfiling corporations brought into the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected.

(3) The number of nonfiling businesses brought into the sales and use tax system and the percentage and dollar amounts of the valid tax liabilities collected.

(4) The number of individual nonfiler cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

The reports must also identify base level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2001. The information must be provided at the budget activity level.

(d) Of the amounts appropriated in paragraphs (a) and (b), the necessary amount is transferred from the commissioner of revenue to the legislative auditor, not to exceed \$50,000, for an audit of the tax collection activities. The purpose of this audit is to compare actual revenue collections with the estimates of new revenue collections submitted by the department to the 2001 legislature. The legislative auditor shall report the findings of the audit to the legislature by February 1, 2003.

Subd. 3. Accounts Receivable
Management

10,839,000	10,821,000
------------	------------

Summary by Fund

General	10,786,000	10,768,000
Health Care Access	53,000	53,000

(a) \$275,000 the first year and \$257,000 the second year are for an initiative to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed.

(b) \$1,100,000 the first year and \$1,026,000 the second year are for an initiative to increase audit and collection activity in the income tax, sales tax, and corporate tax areas.

Sec. 17. MILITARY AFFAIRS

Subdivision 1. Total Appropriation	14,121,000	14,021,000
------------------------------------	------------	------------

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

In fiscal year 2001, \$186,000 in general funds is transferred from Laws 1999, chapter 250, article 1, section 28, to the department of military affairs to pay for higher than anticipated fuel costs of the department's training and community center facilities. These funds are available until December 21, 2001.

Subd. 2. Maintenance of Training Facilities

7,141,000	7,244,000
-----------	-----------

Subd. 3. General Support

2,049,000	1,845,000
-----------	-----------

\$75,000 the first year is to assist in the operation and staffing of the Minnesota national guard youth camp at Camp Ripley. This appropriation is available until June 30, 2003, and is contingent on its being matched by money from other sources.

The department may not sell or lease land in Ramsey county to the department of transportation, nor may the department locate a joint or shared facility with the department of transportation within the county.

Subd. 4. Enlistment Incentives

4,856,000	4,857,000
-----------	-----------

\$4,856,000 the first year and \$4,857,000 the second is for enlistment incentives.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Subd. 5. Emergency Services

75,000 75,000

These appropriations are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 18. VETERANS AFFAIRS	4,419,000	4,484,000
---------------------------	-----------	-----------

Sec. 19. VETERANS OF FOREIGN WARS	55,000	55,000
-----------------------------------	--------	--------

For carrying out the provisions of Laws 1945, chapter 455.

Sec. 20. MILITARY ORDER OF THE PURPLE HEART	20,000	20,000
---	--------	--------

Sec. 21. DISABLED AMERICAN VETERANS	13,000	13,000
-------------------------------------	--------	--------

For carrying out the provisions of Laws 1941, chapter 425.

Sec. 22. GAMBLING CONTROL	2,419,000	2,522,000
---------------------------	-----------	-----------

Sec. 23. RACING COMMISSION	414,000	426,000
----------------------------	---------	---------

Sec. 24. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	13,118,000	13,142,000
------------------------------------	------------	------------

Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.

Subd. 2. Operations and Services

1,043,000 1,067,000

By January 15, 2002, the board must report to the legislature the following information for each group funded by the board in fiscal year 2001 which had annual operating expenses of \$500,000 or more:

- (1) the number of audience members attending events produced or sponsored by each arts organization and the type of services provided;
- (2) services that the group would not have provided but for the state funding;
- (3) the effect of the state funding on the quality of the service or artistic experience provided to the public; and
- (4) the amount of funding the group has received from the board each year since creation of the board.

Subd. 3. Grants Program

8,540,000 8,540,000

Subd. 4. Regional Arts Councils

3,535,000 3,535,000

Sec. 25. MINNESOTA HUMANITIES
COMMISSION

1,022,000

1,036,000

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

The humanities commission must develop a plan for the selection of a Minnesota poet laureate. The commission must report the plan to the legislature by February 1, 2002.

Sec. 26. TORT CLAIMS	275,000	275,000
----------------------	---------	---------

To be spent by the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 27. MINNESOTA STATE RETIREMENT SYSTEM	9,299,000	9,856,000
---	-----------	-----------

The amounts estimated to be needed for each program are as follows:

(a) Legislators

6,821,000	7,230,000
-----------	-----------

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Constitutional Officers

355,000	376,000
---------	---------

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

(c) Judges

2,123,000	2,250,000
-----------	-----------

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 28. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	3,232,000	3,232,000
--	-----------	-----------

Sec. 29. POLICE AND FIRE AMORTIZATION AID	6,345,000	6,345,000
--	-----------	-----------

\$4,925,000 the first year and \$4,925,000 the second year are to the commissioner of

revenue for state aid to amortize the unfunded liability of local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02.

\$1,000,000 the first year and \$1,000,000 the second year are to the commissioner of revenue for supplemental state aid to amortize the unfunded liability of local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02, subdivision 1a.

\$420,000 the first year and \$420,000 the second year are to the commissioner of revenue to pay reimbursements to relief associations for firefighter supplemental benefits paid under Minnesota Statutes, section 424A.10.

Sec. 30. BOARD OF GOVERNMENT
INNOVATION AND
COOPERATION

512,000

518,000

Sec. 31. STATE LOTTERY

750,000

-0-

\$750,000 is from the lottery prize fund to the commissioner of human services for a grant to reconstruct Project Turnabout in Granite Falls destroyed by the Granite Falls tornado. This appropriation is available until June 30, 2003, and does not become part of the base.

Sec. 32. AMATEUR SPORTS
COMMISSION

1,257,000

677,000

\$475,000 the first year is for making matching grants for after school enrichment grants as provided under Minnesota Statutes, section 240A.12. * (The preceding text beginning "\$475,000 the first year" was indicated as vetoed by the governor.)

\$25,000 is for a grant to the Range Recreation Civic Center for bleacher purchase. *
(The preceding text beginning "\$25,000 is for a grant" was indicated as vetoed by the governor.)

\$100,000 in fiscal year 2002 is for a one-time grant to a nonprofit corporation for operation of a shooting sports program at a state-owned facility. The program funded through this grant must be designed to train participants and coaches in shooting sports that are Olympic events. This appropriation is available until June 30, 2003. * (The preceding text beginning "\$100,000 in fiscal year 2002" was indicated as vetoed by the governor.)

Sec. 33. GENERAL CONTINGENT
ACCOUNTS

3,500,000

3,500,000

Summary by Fund

General	3,000,000	3,000,000
State Government Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

The special revenue appropriation is available to be transferred to the attorney general when the costs to provide legal services to the health boards exceed the

biennial appropriation to the attorney general from the special revenue fund and for transfer to the health boards if required for unforeseen expenditures of an emergency nature. The boards receiving the additional services or supplemental appropriations shall set their fees to cover the costs.

Sec. 34. **EFFECTIVE DATE.**

The appropriations for fiscal year 2001 are effective the day following final enactment and are available until December 31, 2001. All other appropriations are effective July 1, 2001.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2000, section 3.3005, subdivision 2, is amended to read:

Subd. 2. **GOVERNOR'S REQUEST TO LEGISLATURE.** A state agency shall not expend money received by it under federal law for any purpose unless a request to spend federal money from that source for that purpose in that fiscal year has been submitted by the governor to the legislature as a part of a budget request submitted during or within ten days before the start of a regular legislative session, or unless specifically authorized by law or as provided by this section. A budget request submitted to the legislature according to this subdivision must be submitted at least 20 days before the deadline set by the legislature for legislative budget committees to act on finance bills.

Sec. 2. Minnesota Statutes 2000, section 3.3005, subdivision 3, is amended to read:

Subd. 3. **STATE MATCH.** If a request to spend federal money is included in the governor's budget or spending the money is authorized by law but the amount of federal money received requires a state match greater than that included in the budget request or authorized by law, the amount that requires an additional state match may be allotted for expenditure after the requirements of subdivision 5 or 6 are met.

Sec. 3. Minnesota Statutes 2000, section 3.3005, subdivision 3a, is amended to read:

Subd. 3a. **CHANGE IN PURPOSE.** If a request to spend federal money is included in a governor's budget request and approved according to subdivision 2a, but the purpose for which the money is to be used changes from the time of the request and

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

approval, the amount may be allotted for expenditure after a revised request is submitted according to subdivision 2 or the requirements of subdivision 5 or 6 are met.

Sec. 4. Minnesota Statutes 2000, section 3.3005, is amended by adding a subdivision to read:

Subd. 3b. INCREASE IN AMOUNT. If a request to spend federal money is included in a governor's budget request and approved according to subdivision 2 or 5 and the amount of money available increases after the request is made and authorized, the additional amount may be allotted for expenditure after a revised request is submitted according to subdivision 2, or the requirements of subdivision 5 or 6 are met.

Sec. 5. Minnesota Statutes 2000, section 3.3005, subdivision 4, is amended to read:

Subd. 4. INTERIM PROCEDURES; URGENCIES. If federal money becomes available to the state for expenditure after the deadline in subdivision 2 or while the legislature is not in session, and the availability of money from that source or for that purpose or in that fiscal year could not reasonably have been anticipated and included in the governor's budget request, and an urgency requires that all or part of the money be allotted before the legislature reconvenes or prior to the end of the 20-day period specified in subdivision 2, it may be allotted to a state agency after the requirements of subdivision 5 are met.

Sec. 6. Minnesota Statutes 2000, section 3.3005, subdivision 5, is amended to read:

Subd. 5. LEGISLATIVE ADVISORY COMMISSION REVIEW. Federal money that becomes available under subdivisions subdivision 3 and, 3a, 3b, or 4 may be allotted after the commissioner of finance has submitted the request to the members of the legislative advisory commission for their review and recommendation for further review. If a recommendation is not made within ten days, no further review by the legislative advisory commission is required, and the commissioner shall approve or disapprove the request. If a recommendation by any member is for further review the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.

Sec. 7. Minnesota Statutes 2000, section 3.3005, is amended by adding a subdivision to read:

Subd. 6. INTERIM PROCEDURES; NONURGENCIES. If federal money becomes available to the state for expenditure after the deadline in subdivision 2 or while the legislature is not in session, and subdivision 4 does not apply, a request to expend the federal money may be submitted by the commissioner of finance to members of the legislative advisory commission for their review and recommendation. This request must be submitted by October 1 of any year. If any member of the commission makes a negative recommendation or a recommendation for further review on a request by October 20 of the same year, the commissioner shall not

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

approve expenditure of that federal money. If a request to expend federal money submitted under this subdivision receives a negative recommendation or a recommendation for further review, the request may be submitted again under subdivision 2. If the members of the commission make a positive recommendation or no recommendation, the commissioner shall approve or disapprove the request and the federal money may be allotted for expenditure.

Sec. 8. Minnesota Statutes 2000, section 3.85, subdivision 3, is amended to read:

Subd. 3. **MEMBERSHIP.** The commission consists of five members of the senate appointed by the subcommittee on committees of the committee on rules and administration and five members of the house of representatives appointed by the speaker. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. Members continue to serve until their successors are appointed. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last subcommittee on committees of the senate committee on rules and administration or other appointing authority designated by the senate rules, and house vacancies shall be filled by the last speaker of the house, or if the speaker is not available, by the last chair of the house rules committee.

Sec. 9. Minnesota Statutes 2000, section 3.855, subdivision 3, is amended to read:

Subd. 3. **OTHER SALARIES AND COMPENSATION PLANS.** The commission shall also:

(1) review and approve, reject, or modify a plan for compensation and terms and conditions of employment prepared and submitted by the commissioner of employee relations under section 43A.18, subdivision 2, covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by chapter 43A or other law;

(2) review and approve, reject, or modify a plan for total compensation and terms and conditions of employment for employees in positions identified as being managerial under section 43A.18, subdivision 3, whose salaries and benefits are not otherwise provided for in law or other plans established under chapter 43A;

(3) review and approve, reject, or modify recommendations for salaries submitted by the governor or other appointing authority under ~~section 43A.18~~ 15A.0815, subdivision 5, covering agency head positions listed in section 15A.0815;

(4) review and approve, reject, or modify recommendations for salaries of officials of higher education systems under section 15A.081, ~~subdivision~~ subdivisions 7b and 7c; and

(5) review and approve, reject, or modify plans for compensation, terms, and conditions of employment proposed under section 43A.18, subdivisions 3a and 4.

EFFECTIVE DATE. This section is effective the day following final enactment.

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

Sec. 10. Minnesota Statutes 2000, section 3.97, subdivision 3a, is amended to read:

Subd. 3a. **EVALUATION TOPICS.** (a) The commission shall periodically select topics for the legislative auditor to evaluate. Topics may include any agency, program, or activity established by law to achieve a state purpose, or any topic that affects the operation of state government, but the commission shall give primary consideration to topics that are likely, upon examination, to produce recommendations for cost savings, increased productivity, or the elimination of duplication among public agencies. Legislators and legislative committees may suggest topics for evaluation, but the legislative auditor shall only conduct evaluations approved by the commission.

(b) The commission is requested to direct the auditor, in response to a suggestion from an individual legislator of an evaluation topic, to estimate the scope of the proposed evaluation and the time required to complete it. The estimate must be reported to the legislator who submitted the suggestion and to the commission. The commission must determine within 60 days of receiving the estimate whether to proceed with the suggested evaluation and must convey its decision to the legislator along with the reasons for its decision.

Sec. 11. Minnesota Statutes 2000, section 3.979, is amended by adding a subdivision to read:

Subd. 5. **COMMISSIONER'S OPINION; LEGISLATIVE AUDITOR ACCESS TO DATA.** If, after the commissioner of administration issues an opinion under section 13.072 that a person requesting access to data held by a state agency is entitled to that access, the state agency continues to refuse to provide the data or the person making the request is told that the data sought does not exist, the legislative audit commission may instruct the legislative auditor to review all state agency data related to the request. Following the review, the legislative auditor shall provide all public data obtained, if any, to the legislative audit commission.

EFFECTIVE DATE. This section is effective July 1, 2001, and applies to commissioner's opinions issued after that date.

Sec. 12. Minnesota Statutes 2000, section 3.98, subdivision 2, is amended to read:

Subd. 2. **CONTENTS.** (a) The fiscal note, where possible, shall:

- (1) cite the effect in dollar amounts;
- (2) cite the statutory provisions affected;
- (3) estimate the increase or decrease in revenues or expenditures;
- (4) include the costs which may be absorbed without additional funds; ~~and~~
- (5) include the assumptions used in determining the cost estimates; and
- (6) specify any long-range implication.

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

(b) The fiscal note may comment on technical or mechanical defects in the bill but shall express no opinions concerning the merits of the proposal.

Sec. 13. [3.8841] LEGISLATIVE COMMISSION ON METROPOLITAN GOVERNMENT.

Subdivision 1. ESTABLISHED. The legislative commission on metropolitan government is established to oversee the metropolitan council's operating and capital budgets, work program, and capital improvement program.

Subd. 2. MEMBERSHIP. The commission consists of four senators appointed by the senate subcommittee on committees of the committee on rules and administration, three senators appointed by the senate minority leader, four state representatives appointed by the speaker of the house, and three state representatives appointed by the house minority leader. All members must reside in or represent a portion of the seven-county metropolitan area. The appointing authorities must ensure balanced geographic representation. Each appointing authority must make appointments as soon as possible after the opening of the next regular session of the legislature in each odd-numbered year.

Subd. 3. TERMS; VACANCIES. Members of the commission serve for a two-year term beginning upon appointment and expiring upon appointment of a successor after the opening of the next regular session of the legislature in the odd-numbered year. A vacancy in the membership of the commission must be filled for the unexpired term in a manner that will preserve the representation established by this section.

Subd. 4. CHAIR. The commission must meet as soon as practicable after members are appointed in each odd-numbered year to elect its chair and other officers as it may determine necessary. A chair serves a two-year term, expiring in the odd-numbered year after a successor is elected. The chair must alternate biennially between the senate and the house.

Subd. 5. COMPENSATION. Members serve without compensation but may be reimbursed for their reasonable expenses as members of the legislature.

Subd. 6. STAFF. Legislative staff must provide administrative and research assistance to the commission.

Subd. 7. MEETINGS; PROCEDURES. The commission meets at the call of the chair. If there is a quorum, the commission may take action by a simple majority vote of commission members present.

Subd. 8. POWERS; DUTIES; METROPOLITAN COUNCIL LEVY, BUDGET OVERSIGHT. The commission must monitor, review, and make recommendations to the metropolitan council and to the legislature for the following calendar year on:

(1) the tax rate and dollar amount of the metropolitan council's property tax levies and any proposed increases in the rate or dollar amount of tax;

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

- (2) any request for an increase in the debt of the metropolitan council;
- (3) the overall work and role of the metropolitan council;
- (4) the metropolitan council's proposed operating and capital budgets, work program, and capital improvement program; and
- (5) the metropolitan council's implementation of the operating and capital budgets, work program, and capital improvement program.

Subd. 9. POWERS; DUTIES; METROPOLITAN COUNCIL APPOINTMENTS OVERSIGHT. The commission must monitor appointments to the metropolitan council and may make recommendations on appointments to the nominating committee under section 473.123, subdivision 3, or to the governor before the governor makes the appointments. The commission may also make recommendations to the senate before appointments are presented to the senate for its advice and consent.

Sec. 14. [4A.055] COMMISSION ON THE ECONOMIC STATUS OF WOMEN.

The director must provide staff, office space, and administrative support for the commission on the economic status of women.

Sec. 15. Minnesota Statutes 2000, section 7.09, subdivision 1, is amended to read:

Subdivision 1. **PROCEDURE.** The state treasurer is authorized to receive and accept, on behalf of the state, any gift, bequest, devise, or endowment which may be made by any person, by will, deed, gift, or otherwise, to or for the benefit of the state, or any of its departments or agencies, or to or in aid, or for the benefit, support, or maintenance of any educational, charitable, or other institution maintained in whole or in part by the state, or for the benefit of students, employees, or inmates thereof, or for any proper state purpose or function, and the money, property, or funds constituting such gift, bequest, devise, or endowment. No such gift, bequest, devise, or endowment whose value is equal to or exceeds \$10,000 shall be so accepted unless the ~~commissioner of finance and the state treasurer determine~~ determines that it is for the interest of the state to accept it, and approve of and direct the acceptance. ~~If the value is less than \$10,000, only the state treasurer need determine that it is for the interest of the state to accept it, and approve of and direct the acceptance. If a gift, bequest, devise, or endowment is money or other negotiable instruments, then the deposit of it does not constitute acceptance. In the event that the money or other negotiable instruments are deposited but not approved, the amount deposited must be refunded. When, in order to effect the purpose for which any gift, bequest, devise, or endowment has been accepted, it is necessary to sell property so received, the state treasurer, upon request of the authority in charge of the agency, department, or institution concerned, may sell it at a price which shall be fixed by the state board of investment.~~

Sec. 16. Minnesota Statutes 2000, section 15.0575, subdivision 3, as amended by Laws 2001, chapter 61, section 1, is amended to read:

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

Subd. 3. **COMPENSATION.** (a) Members of the boards may be compensated at the rate of \$55 a day spent on board activities, when authorized by the board, plus expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon board authorization.

(b) Members who are state employees or employees of the political subdivisions of the state must not receive the daily payment for activities that occur during working hours for which they are compensated by the state or political subdivision. However, a state or political subdivision employee may receive the daily payment if the employee uses vacation time or compensatory time accumulated in accordance with a collective bargaining agreement or compensation plan for board activities. Members who are state employees or employees of the political subdivisions of the state may receive the expenses provided for in this subdivision unless the expenses are reimbursed by another source. Members who are state employees or employees of political subdivisions of the state may be reimbursed for child care expenses only for time spent on board activities that are outside their working hours.

(c) Each board must adopt internal standards prescribing what constitutes a day spent on board activities for purposes of making daily payments under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2001, and applies to service on or after that date.

Sec. 17. Minnesota Statutes 2000, section 15.059, subdivision 3, as amended by Laws 2001, chapter 61, section 2, is amended to read:

Subd. 3. **COMPENSATION.** (a) Members of the advisory councils and committees may be compensated at the rate of \$55 a day spent on council or committee activities, when authorized by the council or committee, plus expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Members who, as a result of time spent attending council or committee meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon council or committee authorization.

(b) Members who are state employees or employees of political subdivisions must not receive the daily compensation for activities that occur during working hours for which they are compensated by the state or political subdivision. However, a state or political subdivision employee may receive the daily payment if the employee uses vacation time or compensatory time accumulated in accordance with a collective bargaining agreement or compensation plan for council or committee activity. Members who are state employees or employees of the political subdivisions of the state may receive the expenses provided for in this section unless the expenses are reimbursed by another source. Members who are state employees or employees of political subdivisions of the state may be reimbursed for child care expenses only for.

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

time spent on board activities that are outside their working hours.

(c) Each council and committee must adopt internal standards prescribing what constitutes a day spent on council or committee activities for purposes of making daily payments under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2001, and applies to service on or after that date.

Sec. 18. Minnesota Statutes 2000, section 15A.0815, subdivision 1, is amended to read:

Subdivision 1. **SALARY LIMITS.** The governor or other appropriate appointing authority shall set the salary rates for positions listed in this section within the salary limits listed in subdivisions 2 to 4, subject to approval of the legislative coordinating commission and the legislature as provided by subdivision 5 and sections 3.855, and 15A.081, subdivision 7b, and 43A.18, subdivision 5.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 19. Minnesota Statutes 2000, section 15A.0815, is amended by adding a subdivision to read:

Subd. 5. **APPOINTING AUTHORITIES TO RECOMMEND CERTAIN SALARIES.** (a) The governor, or other appropriate appointing authority, may submit to the legislative coordinating commission recommendations for salaries within the salary limits for the positions listed in subdivisions 2 to 4. An appointing authority may also propose additions or deletions of positions from those listed.

(b) Before submitting the recommendations, the appointing authority shall consult with the commissioner of employee relations concerning the recommendations.

(c) In making recommendations, the appointing authority shall consider the criteria established in section 43A.18, subdivision 8, and the performance of individual incumbents. The performance evaluation must include a review of an incumbent's progress toward attainment of affirmative action goals. The appointing authority shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities, and accountabilities, and in determining recommendations, rate each position by this system.

(d) Before the appointing authority's recommended salaries take effect, the recommendations must be reviewed and approved, rejected, or modified by the legislative coordinating commission and the legislature under section 3.855, subdivisions 2 and 3. If, when the legislature is not in session, the commission fails to reject or modify salary recommendations of the governor within 30 calendar days of their receipt, the recommendations are deemed to be approved.

(e) The appointing authority shall set the initial salary of a head of a new agency or a chair of a new metropolitan board or commission whose salary is not specifically prescribed by law after consultation with the commissioner, whose recommendation is

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

advisory only. The amount of the new salary must be comparable to the salary of an agency head or commission chair having similar duties and responsibilities.

(f) The salary of a newly appointed head of an agency or chair of a metropolitan agency listed in subdivisions 2 to 4, may be increased or decreased by the appointing authority from the salary previously set for that position within 30 days of the new appointment after consultation with the commissioner. If the appointing authority increases a salary under this paragraph, the appointing authority shall submit the new salary to the legislative coordinating commission and the full legislature for approval, modification, or rejection under section 3.855, subdivisions 2 and 3. If, when the legislature is not in session, the commission fails to reject or modify salary recommendations of the governor within 30 calendar days of their receipt, the recommendations are deemed to be approved.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Minnesota Statutes 2000, section 16A.06, is amended by adding a subdivision to read:

Subd. 10. **TECHNOLOGY BUDGET BOOK.** The department must prepare a separate budget book containing all of the administration's technology initiatives. The book must be in the same format as other biennial budget books.

Sec. 21. Minnesota Statutes 2000, section 16A.10, is amended by adding a subdivision to read:

Subd. 1c. **PERFORMANCE MEASURES FOR CHANGE ITEMS.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals.

Sec. 22. [16A.1286] STATEWIDE SYSTEMS ACCOUNT.

Subdivision 1. **CONTINUATION.** The statewide systems account is a separate account in the special revenue fund. All money resulting from billings for statewide systems services must be deposited in the account. For the purposes of this section, statewide systems includes the state accounting system, payroll system, human resources systems, procurement system, and related information access systems.

Subd. 2. **BILLING PROCEDURES.** The commissioner may bill up to \$7,520,000 in each fiscal year for statewide systems services provided to state agencies, judicial branch agencies, the University of Minnesota, the Minnesota state colleges and universities, and other entities. Billing must be based only on usage of services relating to statewide systems provided by the intertechnologies division. Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. Billing policies and procedures related to statewide systems services must be developed by the commissioner in consultation with the commissioners of employee relations and administration, the University of Minnesota, and the Minnesota state colleges and universities.

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

Subd. 3. **APPROPRIATION.** Money transferred into the account is appropriated to the commissioner to pay for statewide systems services during the biennium in which it is appropriated.

Subd. 4. **SUPERSEDE.** This section supersedes section 8.31, subdivision 2c.

Subd. 5. **EXPIRATION.** This section expires June 30, 2003.

Sec. 23. **[16A.151] PROCEEDS OF LITIGATION OR SETTLEMENT.**

Subdivision 1. **STATE FUNDS; GENERAL FUND.** (a) This subdivision applies, notwithstanding any law to the contrary, except as provided in subdivision 2.

(b) A state official may not commence, pursue, or settle litigation, or settle a matter that could have resulted in litigation, in a manner that would result in money being distributed to a person or entity other than the state.

(c) Money recovered by a state official in litigation or in settlement of a matter that could have resulted in litigation is state money and must be deposited in the general fund.

Subd. 2. **EXCEPTIONS.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

Subd. 3. **DEFINITIONS.** For purposes of this section:

(1) "litigation" includes civil, criminal, and administrative actions;

(2) "money recovered" includes actual damages, punitive or exemplary damages, statutory damages, and civil and criminal penalties; and

(3) "state official" means the attorney general, another constitutional officer, an agency, or an agency employee, acting in official capacity.

Sec. 24. Minnesota Statutes 2000, section 16A.152, subdivision 7, is amended to read:

Subd. 7. **DELAY; REDUCTION.** The commissioner may delay paying up to 15 percent of an appropriation to a special taxing district or a system of higher education

New language is indicated by underline, deletions by strikeout.

in that entity's fiscal year for up to 60 days after the start of its next fiscal year. The delayed amount is subject to allotment reduction under subdivision 4.

Sec. 25. Minnesota Statutes 2000, section 16B.25, subdivision 2, is amended to read:

Subd. 2. **NOTICE.** Lost or abandoned property found on state lands is placed in the custody of the commissioner. If the rightful owner is known, the owner must be notified by certified mail and may reclaim the property on paying the expenses of the search. If the owner is unknown, the commissioner must give two weeks' published notice in the county where the property was found. Within six months following publication, the rightful owner may receive the property on paying the search expenses.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. Minnesota Statutes 2000, section 16B.60, subdivision 3, is amended to read:

Subd. 3. **MUNICIPALITY.** "Municipality" means a city, county, or town meeting the requirements of section 368.01, subdivision 1, the University of Minnesota, or the state for public buildings and state licensed facilities.

Sec. 27. Minnesota Statutes 2000, section 16B.60, is amended by adding a subdivision to read:

Subd. 12. **DESIGNATE.** "Designate" means the formal designation by a municipality's administrative authority of a certified building official accepting responsibility for code administration.

Sec. 28. Minnesota Statutes 2000, section 16B.60, is amended by adding a subdivision to read:

Subd. 13. **ADMINISTRATIVE AUTHORITY.** "Administrative authority" means a municipality's governing body or their assigned administrative authority.

Sec. 29. Minnesota Statutes 2000, section 16B.61, subdivision 1, as amended by Laws 2001, chapter 207, section 1, is amended to read:

Subdivision 1. **ADOPTION OF CODE.** Subject to sections 16B.59 to 16B.75, the commissioner shall by rule establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the

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

state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 16B.59 to 16B.75, the commissioner shall administer and enforce the provisions of those sections.

The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 16B.75. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

Sec. 30. Minnesota Statutes 2000, section 16B.65, is amended to read:

16B.65 BUILDING OFFICIALS.

Subdivision 1. **APPOINTMENTS DESIGNATION.** The governing body of By January 1, 2002, each municipality shall, unless other means are already provided, appoint designate a building official to administer the code. A municipality may designate no more than one building official responsible for code administration defined by each certification category established in rule. Two or more municipalities may combine in the appointment designation of a single building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been appointed designated, the state building official, with the approval of the commissioner, may appoint building officials to serve until the municipalities have made an appointment. If unable to make an appointment, the state building official may use whichever state employees or state agencies are necessary to perform the duties of the building official until the municipality makes a temporary or permanent designation. All costs incurred by virtue of an appointment by the state building official or these services rendered by state employees must be borne by the involved municipality; and receipts arising from the appointment these services must be paid into the state treasury and credited to the special revenue general fund.

Subd. 2. **QUALIFICATIONS.** A building official, to be eligible for appointment designation, must be certified and have the experience in design, construction, and supervision which the commissioner deems necessary and must be generally informed on the quality and strength of building materials, accepted building construction requirements, and the nature of equipment and needs conducive to the safety, comfort, and convenience of building occupants. Each building official must be certified under this section, except that the qualifications outlined in this section are not mandatory regarding any building official in any municipality engaged in the administration of a building code on May 27, 1971, and continuing that function through July 1, 1972 No person may be designated as a building official for a municipality unless the commissioner determines that the official is qualified as provided in subdivision 3.

New language is indicated by underline, deletions by strikeout.

Subd. 3. **CERTIFICATION.** The commissioner shall:

- (1) prepare and conduct written and practical examinations to determine if a person is qualified pursuant to subdivision 2 to be a building official;
- (2) accept documentation of successful completion of testing programs developed by nationally recognized testing agencies, as proof of qualification pursuant to subdivision 2; or
- (3) determine qualifications by both clauses (1) and (2).

Upon a determination of qualification under clause (1), (2), or both of them, the commissioner shall issue a certificate to the building official stating that the official is certified. Each person applying for examination and certification pursuant to this section shall pay a nonrefundable fee of \$70. The commissioner or a designee may establish ~~elasses~~ categories of certification that will recognize the varying complexities of code enforcement in the municipalities within the state. ~~Except as provided by subdivision 2, no person may act as a building official for a municipality unless the commissioner determines that the official is qualified.~~ The commissioner shall provide educational programs designed to train and assist building officials in carrying out their responsibilities.

The department of employee relations may, at the request of the commissioner, provide statewide testing services.

Subd. 4. **DUTIES.** Building officials shall, in the municipality for which they are ~~appointed~~ designated, attend to be responsible for all aspects of code administration for which they are certified, including the issuance of all building permits and the inspection of all manufactured home installations. The commissioner may direct a municipality with a building official to perform services for another municipality, and in that event the municipality being served shall pay the municipality rendering the services the reasonable costs of the services. The costs may be subject to approval by the commissioner.

Subd. 5. **REMOVAL FROM OFFICE OVERSIGHT COMMITTEE.** ~~Except as otherwise provided for by law the commissioner may, upon notice and hearing, direct the dismissal of a building official when it appears to the commissioner by competent evidence that the building official has consistently failed to act in the public interest in the performance of duties. Notice must be provided and the hearing conducted in accordance with the provisions of chapter 14 governing contested case proceedings. Nothing in this subdivision limits or otherwise affects the authority of a municipality to dismiss or suspend a building official at its discretion, except as otherwise provided for by law. (a) The commissioner shall establish a code administration oversight committee to evaluate, mediate, and recommend to the commissioner any administrative action, penalty, suspension, or revocation with respect to complaints filed with or information received by the commissioner alleging or indicating the unauthorized performance of official duties or unauthorized use of the title certified~~

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

building official, or a violation of statute, rule, or order that the commissioner has issued or is empowered to enforce. The committee consists of five certified building officials, at least two of whom must be from nonmetropolitan counties. Committee members must be compensated according to section 15.059, subdivision 3. The commissioner's designee shall act as an ex-officio member of the oversight committee.

(b) If the commissioner has a reasonable basis to believe that a person has engaged in an act or practice constituting the unauthorized performance of official duties, the unauthorized use of the title certified building official, or a violation of a statute, rule, or order that the commissioner has issued or is empowered to enforce, the commissioner may proceed with administrative actions or penalties as described in subdivision 5a or suspension or revocation as described in subdivision 5b.

Subd. 5a. ADMINISTRATIVE ACTION AND PENALTIES. The commissioner shall, by rule, establish a graduated schedule of administrative actions for violations of sections 16B.59 to 16B.75 and rules adopted under those sections. The schedule must be based on and reflect the culpability, frequency, and severity of the violator's actions. The commissioner may impose a penalty from the schedule on a certification holder for a violation of sections 16B.59 to 16B.75 and rules adopted under those sections. The penalty is in addition to any criminal penalty imposed for the same violation. Administrative monetary penalties imposed by the commissioner must be paid to the general fund.

Subd. 5b. SUSPENSION; REVOCATION. Except as otherwise provided for by law, the commissioner may, upon notice and hearing, revoke or suspend or refuse to issue or reissue a building official certification if the applicant, building official, or certification holder:

(1) violates a provision of sections 16B.59 to 16B.75 or a rule adopted under those sections;

(2) engages in fraud, deceit, or misrepresentation while performing the duties of a certified building official;

(3) makes a false statement in an application submitted to the commissioner or in a document required to be submitted to the commissioner; or

(4) violates an order of the commissioner.

Notice must be provided and the hearing conducted in accordance with the provisions of chapter 14 governing contested case proceedings. Nothing in this subdivision limits or otherwise affects the authority of a municipality to dismiss or suspend a building official at its discretion, except as otherwise provided for by law.

Subd. 6. VACANCIES. In the event that a certified designated building official vacates that position is vacant within a municipality, that municipality shall appoint designate a certified building official to fill the vacancy as soon as possible. The commissioner must be notified of any vacancy or designation in writing within 15 days. If the municipality fails to appoint designate a certified building official within 90

New language is indicated by underline, deletions by strikeout.

15 days of the occurrence of the vacancy, the state building official may ~~make the appointment or~~ provide state employees to serve that function as provided in subdivision 1 until the municipality makes a temporary or permanent designation. Municipalities must not issue permits without a designated certified building official.

Subd. 7. **CONTINUING EDUCATION.** Subject to sections 16B.59 to 16B.75, the commissioner may by rule establish or approve continuing education programs for municipal building officials dealing with matters of building code administration, inspection, and enforcement.

Effective January 1, 1985, Each person certified as a building official for the state must satisfactorily complete applicable educational programs established or approved by the commissioner every three calendar years to retain certification.

Each person certified as a building official must submit in writing to the commissioner an application for renewal of certification within 60 days of the last day of the third calendar year following the last certificate issued. Each application for renewal must be accompanied by proof of satisfactory completion of minimum continuing education requirements and the certification renewal fee established by the commissioner.

For persons certified prior to January 1, 1985, the first three-year period commences January 1, 1985.

Sec. 31. Minnesota Statutes 2000, section 16B.70, is amended by adding a subdivision to read:

Subd. 3. **REVENUE TO EQUAL COSTS.** Revenue received from the surcharge imposed in subdivision 1 should approximately equal the cost, including the overhead cost, of administering sections 16B.59 to 16B.75. By November 30 each year, the commissioner must report to the commissioner of finance and to the legislature on changes in the surcharge imposed in subdivision 1 needed to comply with this policy. In making this report, the commissioner must assume that the services associated with administering sections 16B.59 to 16B.75 will continue to be provided at the same level provided during the fiscal year in which the report is made.

Sec. 32. Minnesota Statutes 2000, section 16B.88, subdivision 1, is amended to read:

Subdivision 1. **INFORMATION CENTER FOR VOLUNTEER PROGRAMS.** (a) The office of citizenship and volunteer services is under the supervision and administration of a director appointed by the ~~commissioner~~ governor. The office shall: (1) operate as a state information, technical assistance, and promotion center for volunteer programs; and (2) promote and facilitate citizen participation in local governance and public problem solving.

(b) In furtherance of the mission in paragraph (a), clause (2), the office shall:

(1) engage in education and other activities designed to enhance the capacity of citizens to solve problems affecting their communities;

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

(2) promote and support efforts by citizens, community-based organizations, nonprofits, churches, and local governments to collaborate in solving community problems;

(3) encourage local governments to provide increased opportunities for citizen involvement in public decision making and public problem solving;

(4) refer innovative approaches to encourage greater public access to and involvement in state and local government decisions to appropriate state and local government officials;

(5) encourage units of state and local government to respond to citizen initiatives and ideas;

(6) promote processes for involving citizens in government decisions; and

(7) recognize and publicize models of effective public problem solving by citizens.

Sec. 33. Minnesota Statutes 2000, section 16C.02, is amended by adding a subdivision to read:

Subd. 10a. **ORGANIZATIONAL CONFLICT OF INTEREST.** “Organizational conflict of interest” means that because of existing or planned activities or because of relationships with other persons:

(1) the vendor is unable or potentially unable to render impartial assistance or advice to the state;

(2) the vendor’s objectivity in performing the contract work is or might be otherwise impaired; or

(3) the vendor has an unfair advantage.

Sec. 34. Minnesota Statutes 2000, section 16C.03, subdivision 2, is amended to read:

Subd. 2. **RULEMAKING AUTHORITY.** Subject to chapter 14, the commissioner may adopt rules, consistent with this chapter and chapter 16B, relating to the following topics:

(1) solicitations and responses to solicitations, bid security, vendor errors, opening of responses, award of contracts, tied bids, and award protest process;

(2) contract performance and failure to perform;

(3) authority to debar or suspend vendors, and reinstatement of vendors;

(4) contract cancellation; and

(5) procurement from rehabilitation facilities; and

(6) organizational conflicts of interest.

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

Sec. 35. Minnesota Statutes 2000, section 16C.03, is amended by adding a subdivision to read:

Subd. 4a. COMMISSIONER APPROVAL. Notwithstanding any law to the contrary, after January 1, 2002, any contract entered into by the department of transportation must be approved by the commissioner, unless the commissioner has delegated approval authority to the department of transportation under subdivision 16.

Sec. 36. Minnesota Statutes 2000, section 16C.04, is amended by adding a subdivision to read:

Subd. 3. ORGANIZATIONAL CONFLICTS OF INTEREST. (a) The commissioner shall make reasonable efforts to avoid, mitigate, or neutralize organizational conflicts of interest. To avoid an organizational conflict of interest, the commissioner may utilize methods including disqualifying a vendor from eligibility for a contract award or canceling the contract if the conflict is discovered after a contract has been issued. To mitigate or neutralize a conflict, the commissioner may use methods such as revising the scope of work to be conducted, allowing vendors to propose the exclusion of task areas that create a conflict, or providing information to all vendors to assure that all facts are known to all vendors.

(b) In instances where a conflict or potential conflict has been identified and the commissioner determines that vital operations of the state will be jeopardized if a contract with the vendor is not established, the commissioner may waive the requirements in paragraph (a).

Sec. 37. Minnesota Statutes 2000, section 16C.05, subdivision 2, is amended to read:

Subd. 2. CREATION AND VALIDITY OF CONTRACTS. (a) A contract is not valid and the state is not bound by it unless:

(1) it has first been executed by the head of the agency or a delegate who is a party to the contract;

(2) it has been approved by the commissioner;

(3) it has been approved by the attorney general or a delegate as to form and execution;

(4) the accounting system shows an obligation in an expense budget or encumbrance for the amount of the contract liability; and

(5) the combined contract and amendments shall not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

(b) Grants, interagency agreements, purchase orders, work orders, and annual plans need not, in the discretion of the commissioner and attorney general, require the

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

signature of the commissioner and/or the attorney general. Bond purchase agreements by the Minnesota public facilities authority do not require the approval of the commissioner.

(c) A fully executed copy of every contract must be kept on file at the contracting agency.

Sec. 38. [16C.055] BARTER ARRANGEMENTS LIMITED.

Subdivision 1. **REPORT.** By January 15, 2002, the legislative auditor shall report to the legislature and governor on agency use of barter agreements in furtherance of an agency's mission. The report shall list the type and approximate value of each agency's agreement or agreements.

Subd. 2. **RESTRICTION.** After July 1, 2002, an agency may not contract or otherwise agree with a nongovernmental entity to receive total nonmonetary consideration valued at more than \$100,000 in exchange for the agency providing nonmonetary consideration, unless such an agreement is specifically authorized by law. This subdivision does not apply to the state lottery.

Sec. 39. Minnesota Statutes 2000, section 16C.06, subdivision 2, is amended to read:

Subd. 2. **SOLICITATION PROCESS.** (a) A formal solicitation must be used to acquire all goods, service contracts, and utilities estimated at or more than \$25,000 \$50,000 unless otherwise provided for. All formal responses must be sealed when they are received and must be opened in public at the hour stated in the solicitation. Formal responses must be authenticated by the responder in a manner specified by the commissioner.

(b) An informal solicitation may be used to acquire all goods, service contracts, and utilities that are estimated at less than ~~\$25,000~~ \$50,000. The number of vendors required to receive solicitations may be determined by the commissioner. Informal responses must be authenticated by the responder in a manner specified by the commissioner.

Sec. 40. Minnesota Statutes 2000, section 16C.06, subdivision 3, is amended to read:

Subd. 3. **INFORMATION IN BIDS AND PROPOSALS.** (a) Only the name of the vendor and dollar amounts specified in a response to a request for bids shall be read at the time of opening. Only the name of the responding vendors to all requests for proposals shall be read at the time of opening. All other information contained in a vendor's response to a bid is classified as nonpublic data, as defined in section 13.02, and remains nonpublic data until completion of the selection process. All other information contained in a vendor's response to a request for proposal, other than the name of the vendor, is classified as nonpublic data, as defined in section 13.02, and remains nonpublic data until the completion of the evaluation process.

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

(b) All responses are public information at the time of the award unless otherwise provided for. All responses and documents pertaining to the final award of an acquisition must be retained and made a part of a permanent file or record and remain open to public inspection, after award, unless otherwise provided for by law.

(c) If the commissioner rejects all responses to a solicitation, information in the responses, other than the information made public pursuant to paragraph (a), remains nonpublic data, as defined in section 13.02, until a selection is made based on responses to a resolicitation of bids, the evaluation process is completed based on responses to a resolicitation of a request for proposals, or a determination is made to abandon the purchase.

Sec. 41. [16C.066] COST-BENEFIT ANALYSIS.

(a) The commissioner or an agency official to whom the commissioner has delegated duties under section 16C.03, subdivision 16, may not approve a contract or purchase of goods or services for transit or other transportation purposes in an amount greater than \$10,000,000 unless a cost-benefit analysis has been completed and shows a positive benefit to the public. The management analysis division must perform or direct the performance of the analysis. A cost-benefit analysis must be performed for a project if an aggregation of contracts or purchases for a project exceeds \$10,000,000.

(b) All cost-benefit analysis documents under this section, including preliminary drafts and notes, are public data.

(c) This section applies to contracts for goods or services that are expected to have a useful life of more than three years. This section does not apply for purchase of goods or services for response to a natural disaster if an emergency has been declared by the governor.

(d) This section expires June 30, 2003.

Sec. 42. Minnesota Statutes 2000, section 16C.081, is amended to read:

16C.081 EXCEPTION FOR FEDERAL CONTRACTS.

Notwithstanding any law to the contrary, ~~the commissioner of transportation, commissioner of the pollution control agency, or commissioner of natural resources~~ an agency may, when required by a federal agency entering into an intergovernmental contract, negotiate contract terms providing for full or partial prepayment to the federal agency before work is performed or services are provided.

Sec. 43. Minnesota Statutes 2000, section 16C.22, is amended to read:

16C.22 DISTRICT HEATING.

Notwithstanding any other law, general or special, the commissioner is authorized to enter into or approve a written agreement not to exceed 31 years with a district heating or cooling utility that will specify, but not be limited to, the appropriate terms and conditions for the interchange of district heating or cooling services.

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

Sec. 44. **[16E.035] TECHNOLOGY INVENTORY.**

The commissioner of administration must prepare an inventory of technology owned or leased by state agencies. The inventory must include: (1) information on how the technology fits into the state's information technology architecture; and (2) a projected replacement schedule. The commissioner must report the inventory to the legislative committees with primary jurisdiction over state technology issues by July 1 of each even-numbered year.

Sec. 45. Minnesota Statutes 2000, section 16E.04, subdivision 2, as amended by Laws 2001, chapter 7, section 11, is amended to read:

Subd. 2. **RESPONSIBILITIES.** (a) In addition to other activities prescribed by law, the office shall carry out the duties set out in this subdivision.

(b) The office shall develop and establish a state information architecture to ensure that further state agency development and purchase of information and communications systems, equipment, and services is designed to ensure that individual agency information systems complement and do not needlessly duplicate or conflict with the systems of other agencies. When state agencies have need for the same or similar public data, the commissioner, in coordination with the affected agencies, shall promote the most efficient and cost-effective method of producing and storing data for or sharing data between those agencies. The development of this information architecture must include the establishment of standards and guidelines to be followed by state agencies.

(c) The office shall assist state agencies in the planning and management of information systems so that an individual information system reflects and supports the state agency's mission and the state's requirements and functions.

(d) The office shall review agency requests for legislative appropriations for the development or purchase of information systems equipment or software.

(e) The office shall review major purchases of information systems equipment to:

(1) ensure that the equipment follows the standards and guidelines of the state information architecture;

(2) ensure that the equipment is consistent with the information management principles adopted by the information policy council;

(3) evaluate whether the agency's proposed purchase reflects a cost-effective policy regarding volume purchasing; and

(4) ensure that the equipment is consistent with other systems in other state agencies so that data can be shared among agencies, unless the office determines that the agency purchasing the equipment has special needs justifying the inconsistency.

(f) The office shall review the operation of information systems by state agencies and provide advice and assistance to ensure that these systems are operated efficiently and continually meet the standards and guidelines established by the office. The

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

standards and guidelines must emphasize uniformity that encourages information interchange, open systems environments, and portability of information whenever practicable and consistent with an agency's authority and chapter 13. The office, in consultation with the legislative reference library, shall recommend specific standards and guidelines for each state agency within a time period fixed by the office in regard to the following:

(1) establishing methods and systems directed at reducing and ultimately eliminating redundant storage of data; and

(2) establishing information sales systems that utilize licensing and royalty agreements to the greatest extent possible, together with procedures for agency denial of requests for licenses or royalty agreements by commercial users or resellers of the information. Section 3.751 does not apply to those licensing and royalty agreements, and the agreements must include provisions that section 3.751 does not apply and that the state is immune from liability under the agreement.

(g) The office shall conduct a comprehensive review at least every three years of the information systems investments that have been made by state agencies and higher education institutions. The review must include recommendations on any information systems applications that could be provided in a more cost-beneficial manner by an outside source. The office must report the results of its review to the legislature and the governor.

(h) The office shall report to the legislature by January 15 of each year on progress in implementing paragraph (f); clauses (1) and (2).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 46. [16E.0465] TECHNOLOGY APPROVAL.

Subdivision 1. APPLICATION. This section applies to an appropriation of more than \$1,000,000 of state or federal funds to a state agency for any information and communications technology project or data processing device or system or for any phase of such a project, device, or system. For purposes of this section, an appropriation of state or federal funds to a state agency includes an appropriation:

- (1) to the Minnesota state colleges and universities;
- (2) to a constitutional officer;
- (3) for a project that includes both a state agency and units of local government;
and
- (4) to a state agency for grants to be made to other entities.

Subd. 2. REQUIRED REVIEW AND APPROVAL. (a) A state agency receiving an appropriation for an information and communications technology project or data processing device or system subject to this section must divide the project into phases.

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

(b) The commissioner of finance may not authorize the encumbrance or expenditure of an appropriation of state funds to a state agency for any phase of a project, device, or system subject to this section unless the office of technology has reviewed each phase of the project, device, or system, and based on this review, the commissioner of administration has determined for each phase that:

(1) the project is compatible with the state information architecture and other policies and standards established by the commissioner of administration; and

(2) the agency is able to accomplish the goals of the phase of the project with the funds appropriated.

Subd. 3. **ROLE OF COMMISSIONER.** Unless money is appropriated directly to the commissioner of administration, the role of the commissioner and the office of technology is to review and approve projects under this section, and not to design or implement the projects.

Sec. 47. [16E.055] COMMON WEB FORMAT.

A state agency that implements electronic government services for fees, licenses, sales, or other purposes must use a common Web page format approved by the commissioner of administration for those electronic government services. The commissioner may create a single entry site for all agencies to use for electronic government services.

Sec. 48. [16E.09] TECHNOLOGY ENTERPRISE FUND.

Subdivision 1. **FUND ESTABLISHED.** A technology enterprise fund is established. Money deposited in the fund is appropriated to the commissioner of administration for the purpose of funding technology projects among government entities that promote cooperation, innovation, and shared use of technology and technology standards, and electronic government services. Savings generated by information technology and communications projects may be deposited in the fund upon agreement by the commissioner of administration and the executive of the government entity generating the funds. The transfer of funds between state agencies is subject to the approval of the commissioner of finance. The commissioner of finance shall notify the chairs of the committees funding the affected state agencies of the transfers. Funds are available until June 30, 2005.

Subd. 2. **TECHNOLOGY ENTERPRISE BOARD.** A technology enterprise board is established to advise the state chief information officer, the office of technology, the governor, the executive branch, and the legislature regarding information technology funding and expenditures from the technology enterprise fund. The board shall consist of up to 18 members representing public and private entities with general expertise in information technology and telecommunications initiatives and planning. The state chief information officer shall act as chair and the office of technology shall provide necessary staff support. Nonlegislator members shall be appointed by the governor, including one nominee representing the state executive council, one nominee representing the supreme court, and one nominee representing

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

the higher education advisory council; and seven at-large members representing the private sector with experience in business. The speaker of the house of representatives and the senate subcommittee on committees shall each appoint two legislators to the board. Legislator members serve at the pleasure of the appointing authority. Membership terms, compensation, and removal of nonlegislator board members are governed by section 15.059, except that terms are three years and the board expires on June 30, 2005.

Subd. 3. **REPORT TO LEGISLATURE.** By February 1 each year, the commissioner of administration shall report to the chairs of the finance committees in the senate and house of representatives with jurisdiction over governmental operations on expenditures and activities under this section.

Subd. 4. **EXPIRATION.** This section expires June 30, 2005.

Sec. 49. Minnesota Statutes 2000, section 43A.04, is amended by adding a subdivision to read:

Subd. 12. **TOTAL COMPENSATION REPORTING.** (a) The commissioner, in consultation with the commissioner of finance, shall report to the governor and the legislature by January 15 each year on executive branch employee salary and benefits. The purpose of the report is to assist in effective long-range planning and to provide data necessary to compute annual and biennial costs related to the state workforce. The report must use data available in the biennial budget system and other necessary sources. The report also must be made available to the public in an electronic format.

(b) The report must be organized by agency. The report must list the salary or hourly rate of pay for each agency employee. The report may list the employee by name or by an identification number.

(c) The report must also include an estimate of the average cost to the state of providing insurance and other benefits to a state employee.

Sec. 50. Minnesota Statutes 2000, section 43A.04, is amended by adding a subdivision to read:

Subd. 13. **COMBINED CHARITIES CAMPAIGN.** (a) The commissioner shall administer the state employee combined charities campaign. This duty includes registration of combined charitable organizations under section 309.501, and coordination and administration of the process under which state employees contribute to combined charitable organizations.

(b) The commissioner, in consultation with other commissioners, shall appoint a voluntary board of state employees to oversee the conduct of an annual combined charities campaign. The board must, to the extent possible, represent a cross-section of state employee groups and geographic areas where state employees are located. The board shall provide direction to the commissioner's employee assigned to administer the annual campaign and shall approve any expenditure of state funds appropriated for purposes of this subdivision.

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

Sec. 51. Minnesota Statutes 2000, section 43A.047, is amended to read:

43A.047 CONTRACTED SERVICES.

(a) Executive agencies, including the Minnesota state colleges and universities system, must demonstrate that they cannot use available staff before hiring outside consultants or services. If use of consultants is necessary, agencies are encouraged to negotiate contracts that will involve permanent staff, so as to upgrade and maximize training of state employees.

(b) If agencies reduce operating budgets, agencies must give priority to reducing spending on professional and technical service contracts before laying off permanent employees.

(c) Agencies must report to the commissioner of administration by November 1 each year on implementation of this section during the previous fiscal year. The reports must include amounts spent on professional and technical service contracts during the previous fiscal year. The commissioner shall compile the reports into a uniform format and forward them to the chairs of the senate finance and house ways and means committees by November 15.

Sec. 52. Minnesota Statutes 2000, section 79.34, subdivision 1, is amended to read:

Subdivision 1. **CONDITIONS REQUIRING MEMBERSHIP.** The nonprofit association known as the workers' compensation reinsurance association may be incorporated under chapter 317A with all the powers of a corporation formed under that chapter, except that if the provisions of that chapter are inconsistent with sections 79.34 to 79.40, sections 79.34 to 79.40 govern. Each insurer as defined by section 79.01, subdivision 2, shall, as a condition of its authority to transact workers' compensation insurance in this state, be a member of the reinsurance association and is bound by the plan of operation of the reinsurance association; provided, that all affiliated insurers within a holding company system as defined in chapter 60D are considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association. Each self-insurer approved under section 176.181 and each political subdivision that self-insures shall, as a condition of its authority to self-insure workers' compensation liability in this state, be a member of the reinsurance association and is bound by its plan of operation; provided that:

(1) all affiliated companies within a holding company system, as determined by the commissioner of labor and industry in a manner consistent with the standards and definitions in chapter 60D, are considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association; and

(2) all group self-insurers granted authority to self-insure pursuant to section 176.181 are considered single entities for purposes of the exercise of all the rights and duties of membership in the reinsurance association. As a condition of its authority to self-insure workers' compensation liability, and for losses incurred after December 31, 1983, the state is a member of the reinsurance association and is bound by its plan of

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

operation. The commissioner of employee relations represents the state in the exercise of all the rights and duties of membership in the reinsurance association. The state treasurer shall pay the premium to the reinsurance association from the state compensation revolving fund upon warrants of the commissioner of employee relations, except that The amounts necessary to pay the state's premiums required for coverage by the workers' compensation reinsurance association are appropriated from the general fund to the commissioner of employee relations. The University of Minnesota shall pay its portion of workers' compensation reinsurance premiums directly to the workers' compensation reinsurance association. For the purposes of this section, "state" means the administrative branch of state government, the legislative branch, the judicial branch, the University of Minnesota, and any other entity whose workers' compensation liability is paid from the state revolving fund. The commissioner of finance may calculate, prorate, and charge a department or agency the portion of premiums paid to the reinsurance association for employees who are paid wholly or in part by federal funds, dedicated funds, or special revenue funds. The reinsurance association is not a state agency. Actions of the reinsurance association and its board of directors and actions of the commissioner of labor and industry with respect to the reinsurance association are not subject to chapters 13 and 15. All property owned by the association is exempt from taxation. The reinsurance association is not obligated to make any payments or pay any assessments to any funds or pools established pursuant to this chapter or chapter 176 or any other law.

Sec. 53. **[116T.01] DEFINITIONS.**

For purposes of this chapter:

(1) "board" means the board of directors of Northern Technology Initiative, Inc.;
and

(2) "corporation" means Northern Technology Initiative, Inc.

Sec. 54. **[116T.02] CORPORATION; MEMBERS; BOARD OF DIRECTORS; POWERS.**

Subdivision 1. PUBLIC CORPORATION. Northern Technology Initiative, Inc. is a public corporation of the state and is not subject to the laws governing a state agency except as provided in this chapter. The business of the corporation must be conducted under the name "Northern Technology Initiative, Inc."

Subd. 2. PURPOSE. Northern Technology Initiative, Inc. is a regional economic initiative of Minnesota counties, townships, home rule charter or statutory cities within participating counties, economic development groups, state and federal agencies, public and private post-secondary institutions, and businesses. The project area includes, at a minimum, the counties of Carlton, Chisago, Isanti, Kanabec, and Pine, but may be expanded as other contiguous counties elect to participate. The purpose of the corporation is to engage in an integrated, jointly planned economic development effort with a focus on encouraging growth among existing businesses and attracting technology companies to the region served by the corporation. A home rule charter city,

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

statutory city, county, township, or other public entity participating in the initiative may budget public funds for the initiative.

Subd. 3. BOARD OF DIRECTORS. The corporation is governed by a board of directors consisting of:

(1) a member of the governing body of each participating county, appointed by the governing body;

(2) a member of the governing body of each participating home rule charter or statutory city, appointed by the governing body;

(3) the president of each participating post-secondary institution;

(4) the commissioner of the department of trade and economic development or an employee of the department designated by the commissioner; and

(5) other members as may be provided by the bylaws adopted and amended in accordance with subdivision 4.

The membership terms, compensation, removal, and filling of vacancies of members of the board are governed by the bylaws of the corporation.

Subd. 4. BYLAWS. The board of directors shall adopt bylaws and publish the bylaws and amendments to the bylaws in the State Register. The bylaws must provide for financial and other contributions by participating entities to cover the operation of the corporation.

Subd. 5. PLACES OF BUSINESS. The board shall locate and maintain the corporation's places of business within Carlton, Chisago, Isanti, Kanabec, or Pine county.

Subd. 6. MEETINGS AND ACTIONS OF BOARD. (a) The board must meet at least twice a year and may hold additional meetings upon giving notice in accordance with the bylaws of the corporation. Except as provided in subdivision 7, board meetings are subject to chapter 13D.

(b) A conference among directors by any means of communication through which the directors may simultaneously hear each other during the conference constitutes a board meeting if the number of directors participating in the conference is sufficient to constitute a quorum for the meeting. Participation in a meeting by that means constitutes presence in person at the meeting.

Subd. 7. CLOSED MEETINGS; RECORDING. The board of directors may, by a majority vote in a public meeting, decide to hold a closed meeting for purposes of discussing data described in subdivision 8 or security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be made available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded. The data on the tape are nonpublic data or private data on individuals as

New language is indicated by underline, deletions by strikeout.

defined in section 13.02, subdivision 9 or 12, whichever is applicable.

Subd. 8. APPLICATION AND INVESTIGATIVE DATA. Financial data, statistics, and information furnished to the corporation in connection with assistance or proposed assistance, including credit reports; financial statements; statements of net worth; income tax returns, either personal or corporate; and any other business and personal financial records, are private data with regard to data on individuals under section 13.02, subdivision 12, or nonpublic data with regard to data not on individuals under section 13.02, subdivision 9.

Subd. 9. CONFLICT OF INTEREST. A director, employee, or officer of the corporation may not participate in or vote on a decision of the board relating to an organization in which the director has either a direct or indirect financial interest or a conflict of interest as described in section 10A.07.

Subd. 10. TORT CLAIMS. The corporation is a state agency for purposes of section 3.736, except the corporation, not the state, is responsible for paying for any tort liability.

Subd. 11. DATA PRACTICES AND RECORDS MANAGEMENT. The corporation is subject to chapter 13 and sections 15.17 and 138.163 to 138.226.

Sec. 55. [116T.03] CORPORATE PERSONNEL.

Subdivision 1. GENERALLY. The board shall appoint and set the compensation for the executive director who serves as chief executive officer of the corporation. The compensation of the executive director may not exceed 85 percent of the governor's salary. The board may designate the executive director as its general agent. Subject to the approval of the board, the executive director shall employ staff consultants and other agents necessary to carry out the mission of the corporation.

Subd. 2. STATUS OF EMPLOYEES. Employees, officers, and directors of the corporation are not state employees, but are covered by section 3.736 and, at the option of the board, employees may participate in the state retirement plan for employees in the unclassified service, the state deferred compensation plan, and an insurance plan administered by the commissioner of employee relations.

Sec. 56. [116T.04] POWERS AND DUTIES OF CORPORATION.

Subdivision 1. GENERAL POWERS AND DUTIES. (a) The corporation has the powers granted to a nonprofit corporation by section 317A.161, except as otherwise provided in this chapter.

(b) Except as specified in section 116T.02, subdivision 10, the state is not liable for the obligations of the corporation.

(c) Section 317A.161 applies to this chapter and the corporation in the same manner that it applies to business corporations established under chapter 317A.

Subd. 2. RULES. The corporation must publish in the State Register any guidelines, policies, or eligibility criteria prepared or adopted by the corporation for its programs.

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

Sec. 57. [116T.05] AUDITS.

The corporation is subject to the auditing requirements of sections 3.971 and 3.972.

Sec. 58. [116T.06] DISSOLUTION.

In the event of dissolution of the corporation for any reason, the bylaws must provide for return of the proceeds of that liquidation and any wholly owned assets of the corporation to the entities participating in Northern Technology Initiative, Inc. in exchange for the assumption of all outstanding obligations of the corporation.

Sec. 59. Minnesota Statutes 2000, section 136F.07, is amended to read:

136F.07 CHANCELLOR.

The board shall appoint a chancellor who shall serve in the unclassified service. The chancellor shall possess powers and perform duties as delegated by the board. The board shall set the salary of the chancellor according to section ~~15A.0815~~ 15A.081, subdivision 7c.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 60. Minnesota Statutes 2000, section 136F.40, subdivision 2, is amended to read:

Subd. 2. **COMPENSATION CONTRACTS.** Notwithstanding any other provision to the contrary, when establishing compensation the board may provide, through a contract, a liquidated salary amount or other compensation if a contract with a chancellor or president is terminated by the board prior to its expiration.

Any benefits shall be excluded in computation of retirement, insurance, and other benefits available through or from the state. Any benefits or additional compensation must be as provided under the plan approved under section 43A.18, subdivision 3a. (a) The board may enter into a contract with the chancellor, a vice-chancellor, or a president, containing terms and conditions of employment. The terms of the contract must be authorized under a plan approved under section 43A.18, subdivision 3a.

(b) Notwithstanding section 43A.17, subdivision 11, or other law to the contrary, a contract under this section may provide a liquidated salary amount or other compensation if a contract is terminated by the board prior to its expiration.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 61. Minnesota Statutes 2000, section 179A.15, is amended to read:

179A.15 MEDIATION.

Once notice has been given under section 179A.14, the employer or the exclusive representative may petition the commissioner for mediation services.

A petition by an employer shall be signed by the employer or an authorized officer or agent. A petition by an exclusive representative shall be signed by its authorized

New language is indicated by underline, deletions by strikeout.

officer. All petitions shall be delivered to served on the commissioner in person or sent by certified mail writing. The petition shall state briefly the nature of the disagreement of the parties. Upon receipt of a petition and upon concluding that mediation would be useful, the commissioner shall fix a time and place for a conference with the parties to negotiate the issues not agreed upon, and shall then take the most expedient steps to bring about a settlement, including assisting in negotiating and drafting an agreement.

If the commissioner determines that mediation would be useful in resolving a dispute, the commissioner may mediate the dispute even if neither party has filed a petition for mediation. In these cases, the commissioner shall proceed as if a petition had been filed.

The commissioner shall not furnish mediation services to any employee or employee representative who is not certified as an exclusive representative.

All parties shall respond to the summons of the commissioner for conferences and shall continue in conference until excused by the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 62. Minnesota Statutes 2000, section 190.06, subdivision 1, is amended to read:

Subdivision 1. **COMPOSITION.** The militia shall consist of:

(1) all able-bodied citizens of the state and other able-bodied persons; residing in the state who have or shall have declared their intention to become citizens of the United States, when so authorized by federal law, who comply with the minimum age requirements for federal regular military service under United States Code, title 10, section 505, and who are not more than 45 years of age; provided, that the governor may, when the governor deems it necessary for the defense of the state, extend the maximum age for militia service to not more than 64 years; and

(2) persons who enlist in, are commissioned in, or are otherwise appointed to the Minnesota national guard in accordance with applicable federal law and regulation, including enlisted members, warrant officers, and commissioned officers.

Sec. 63. Minnesota Statutes 2000, section 190.07, is amended to read:

190.07 APPOINTMENT; QUALIFICATIONS; RANK.

There shall be an adjutant general of the state who shall be appointed by the governor. The adjutant general shall be a staff officer, who at the time of appointment shall be a commissioned officer of the national guard of this state, with not less than ten years military service in the armed forces national guard of this state or the armed forces of the United States, at least three of which shall have been commissioned and who shall have reached the grade of a field officer.

The adjutant general shall hold at least the rank of major general and may be promoted to and including the highest rank authorized under federal law. However, the adjutant general shall may not be appointed promoted to the rank of major general

New language is indicated by underline, deletions by strikeout.

without having at least 20 years service in the Minnesota national guard, at least one of which one year has been in the rank of brigadier general.

The term of the adjutant general is seven years from the date of appointment. Section 15.06, subdivisions 3, 4, and 5, governs filling of vacancies in the office of adjutant general. The adjutant general shall not be removed from office during a term except upon withdrawal of federal recognition or as otherwise provided by the military laws of this state.

Sec. 64. Minnesota Statutes 2000, section 192.501, subdivision 2, is amended to read:

Subd. 2. TUITION AND TEXTBOOK REIMBURSEMENT GRANT PROGRAM. (a) The adjutant general shall establish a program to provide tuition and textbook reimbursement grants to eligible members of the Minnesota national guard within the limitations of this subdivision.

(b) Eligibility is limited to a member of the national guard who:

(1) is serving satisfactorily as defined by the adjutant general;

(2) is attending a post-secondary educational institution, as defined by section 136A.15, subdivision 6, including a vocational or technical school operated or regulated by this state or another state or province; and

(3) provides proof of satisfactory completion of coursework, as defined by the adjutant general.

In addition, if a member of the Minnesota national guard is killed in the line of state active service or federally funded state active service, as defined in section 190.05, subdivisions 5a and 5b, the member's surviving spouse, and any surviving dependent who has not yet reached 24 years of age, is eligible for a tuition and textbook reimbursement grant.

The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the grant, and must specify the criteria in department regulations and publish changes as necessary.

(c) The amount of a tuition and textbook reimbursement grant must be specified on a schedule as determined and published in department regulations by the adjutant general, but is limited to a maximum of an amount equal to the greater of:

(1) ~~75~~ 80 percent of the cost of tuition for lower division programs in the college of liberal arts at the twin cities campus of the University of Minnesota in the most recent academic year; or

(2) ~~50~~ 80 percent of the cost of tuition for the program in which the person is enrolled at that Minnesota public institution, or if that public institution is outside the state of Minnesota, for the cost of a comparable program at the University of Minnesota, except that in the case of a survivor as defined in paragraph (b), the amount of the tuition and textbook reimbursement grant for coursework satisfactorily com-

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

pleted by the person is limited to 100 percent of the cost of tuition for post-secondary courses at a Minnesota public educational institution.

Paragraph (b) notwithstanding, a person is no longer eligible for a grant under this subdivision once the person has received grants under this subdivision for the equivalent of 208 quarter credits or 144 semester credits of coursework.

(d) Tuition and textbook reimbursement grants received under this subdivision may not be considered by the Minnesota higher education services office or by any other state board, commission, or entity in determining a person's eligibility for a scholarship or grant-in-aid under sections 136A.095 to 136A.1311.

(e) If a member fails to complete a term of enlistment during which a tuition and textbook reimbursement grant was paid, the adjutant general may seek to recoup a prorated amount as determined by the adjutant general.

(f) The adjutant general shall maintain records and report any findings to the legislature by March 1, 2003, on the impact of increasing the reimbursement amounts under paragraph (c) during the period July 1, 2001, through December 31, 2002.

(g) This paragraph, paragraph (f), and the amendments made by this act to paragraph (c) expire June 30, 2003.

Sec. 65. Minnesota Statutes 2000, section 193.144, subdivision 6, is amended to read:

Subd. 6. **DISPOSAL OF UNUSED SITE.** In case any land acquired for armory site purposes hereunder has been donated to such corporation or to the state of Minnesota by such county or municipality or by other governmental agency except the state, and in case such land or any part thereof shall thereafter not be used for armory purposes for a continuous period of more than ten years, not including the period of any war or other emergency in which the armed forces of the state may be engaged, the county or municipality may provide written notice to the adjutant general and, if the property is not used for armory purposes within one year from the notice, the adjutant general shall reconvey the property to the donor county or municipality. The adjutant general may reconvey the property in less than ten years, if the adjutant general determines that the corporation or the state has no further interest in the property.

Sec. 66. Minnesota Statutes 2000, section 193.145, subdivision 4, is amended to read:

Subd. 4. **PAYMENTS BY ADJUTANT GENERAL.** Whether or not bonds are issued, the adjutant general is hereby authorized to pay to such corporation, out of any moneys which may from time to time be appropriated to and for the military department and not appropriated or set apart for any other specific purpose, the sum of not less than \$3,000 per year for each unit of the national guard quartered in such armory when only one such unit is so quartered, and the sum of not less than \$2,000 per year for each additional unit when more than one such unit is so quartered, and may

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

bind the office of the adjutant general, both currently and in the future, by agreement to such corporation to make such payments in a specific amount or amounts out of such appropriations for a period of not more than 40 years.

Sec. 67. Minnesota Statutes 2000, section 193.148, is amended to read:

193.148 CONVEYANCE TO STATE.

When payment has been made of all indebtedness incurred by such corporation or of all funds spent by the corporation incident to the procurement, erection, equipment, and operation of any armory built under the provisions of sections 193.141 to 193.149, including the payment in full of the principal and interest of all bonds issued by such corporation to cover the cost of such armory or the full repayment of any commission funds expended for the construction of such armory, such corporation shall transfer and convey such armory building and the site thereof to the state of Minnesota, for military purposes, to be administered as are other state-owned armories.

Any unencumbered balance then held by the commission accruing to such armory shall be retained to be applied to the future maintenance, repair, and equipment of armories.

Sec. 68. Minnesota Statutes 2000, section 197.75, subdivision 1, is amended to read:

Subdivision 1. **BENEFITS; ELIGIBILITY.** The commissioner of veterans affairs shall spend a biennial appropriation for tuition of veterans, and for tuition, fees, board, room, books and supplies of the children of veterans who have died as a result of their service in the armed forces of the United States as determined by the United States Veterans Administration or other instrumentality of the United States, in the University of Minnesota, a state university, a community college, a technical college, or any other university of higher learning within the state accredited by the North Central Association of Colleges and Secondary Schools, a law college approved by the supreme court, a nursing school approved by the state board of nursing, or in a trade, business, or vocational school in the state approved by the state department of children, families, and learning, or in a theological seminary, for any course which such veteran or child may elect. Not more than ~~\$350~~ \$750 shall be expended for the benefit of any individual veteran, and not more than ~~\$350~~ \$750 in any fiscal year shall be expended for the benefit of any child under this section, and the need for the benefit shall be established and determined by the commissioner of veterans affairs. No child of any veteran shall make application for the benefits provided in this section unless the child resided in Minnesota for at least two years immediately prior to the date of the application. Children of veterans eligible for benefits according to this section shall be admitted to state institutions of university grade free of tuition until they receive a bachelors or equivalent degree. Payments of benefits shall be made directly to the institution in which the course of instruction is given or to the individual on forms prescribed by the commissioner.

Sec. 69. Minnesota Statutes 2000, section 197.75, subdivision 2, is amended to read:

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

Subd. 2. **LIMITATIONS.** The benefits in subdivision 1 are not available to a veteran who is entitled to the same or similar benefits under a law or regulation of the United States, with the exceptions in paragraphs (a) and (b).

(a) except that a veteran who has been eligible for and has used up the benefits the veteran is entitled to under the laws of the United States is entitled to the benefits provided for by subdivision 1.

(b) A veteran who has had less than ten years of eligibility for educational assistance under federal law because of the December 31, 1989, delimiting date and who has lost more than four months of that eligibility is entitled to the benefits provided for by subdivision 1.

Sec. 70. Minnesota Statutes 2000, section 214.09, subdivision 3, as amended by Laws 2001, chapter 61, section 3, is amended to read:

Subd. 3. **COMPENSATION.** (a) Members of the boards may be compensated at the rate of \$55 a day spent on board activities, when authorized by the board, plus expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon board authorization.

(b) Members who are state employees or employees of the political subdivisions of the state must not receive the daily payment for activities that occur during working hours for which they are also compensated by the state or political subdivision. However, a state or political subdivision employee may receive the daily payment if the employee uses vacation time or compensatory time accumulated in accordance with a collective bargaining agreement or compensation plan for board activity. Members who are state employees or employees of the political subdivisions of the state may receive the expenses provided for in this subdivision unless the expenses are reimbursed by another source. Members who are state employees or employees of political subdivisions of the state may be reimbursed for child care expenses only for time spent on board activities that are outside their working hours.

(c) Each board must adopt internal standards prescribing what constitutes a day spent on board activities for purposes of making daily payments under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2001, and applies to service on or after that date.

Sec. 71. **[240A.13] SOCCER FIELD DEVELOPMENT.**

Subdivision 1. **GRANTS.** The commission may make matching grants to political subdivisions of the state to develop new soccer fields for amateur athletics. In awarding grants, the commission shall give priority to proposals from multiple applicants. To the extent possible, over time, the commission shall disperse grants equally among the state's congressional districts.

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

Subd. 2. MATCHING CRITERIA. Each grant for soccer field development under this section must be matched by recipient communities or institutions in accordance with this subdivision. A matching contribution may include an in-kind contribution of land; access roadways and access roadway improvements; and necessary utility services, landscaping, and parking. The first \$20,000 of a grant must be matched equally by the recipient. The portion of a grant that is more than \$20,000 but not more than \$75,000 must be matched by the recipient at a rate double the amount of that portion of the grant. The portion of a grant that is more than \$75,000 must be matched by the recipient at a rate of three times the amount of that portion of the grant.

Sec. 72. Minnesota Statutes 2000, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. **NOTIFICATION REQUIREMENT.** Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3.

For each setoff of a debt against a refund due, the commissioner shall charge a fee of \$10. The proceeds of fees shall be allocated by depositing \$2.55 of each \$10 fee collected into a department of revenue recapture revolving fund, and depositing the remaining balance into the general fund. The sums deposited into the revolving fund are appropriated to the commissioner for the purpose of administering the Revenue Recapture Act.

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least \$200 within 30 days after satisfaction or reduction.

EFFECTIVE DATE. This section is effective for revenue recapture fees collected on or after July 1, 2001.

Sec. 73. Minnesota Statutes 2000, section 317A.123, subdivision 1, is amended to read:

Subdivision 1. **STATEMENT.** A corporation may change its registered office, designate or change its registered agent, or state a change in the name of its registered agent, by filing with the secretary of state a statement containing:

- (1) the name of the corporation;
- (2) if the address of its registered office is to be changed, the new address of its registered office;
- (3) if its registered agent is to be designated or changed, the name of its new registered agent;
- (4) if the name of its registered agent is to be changed, the name of its registered agent as changed;

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

(5) a statement that the address of its registered office and the address of the office of its registered agent, as changed, will be identical; and

(6) a statement that the change of registered office or registered agent was authorized by resolution approved by the board.

The statement need not be accompanied by a filing fee if the statement is being filed only to change the address of the registered office.

EFFECTIVE DATE. This section is effective July 1, 2002.

Sec. 74. Minnesota Statutes 2000, section 317A.827, subdivision 2, is amended to read:

Subd. 2. **REINSTATEMENT.** A corporation dissolved under section 317A.823 may retroactively reinstate its corporate existence by filing a single annual registration and paying a \$25 fee. Filing the annual registration with the secretary of state:

(1) returns the corporation to active status as of the date of the dissolution;

(2) validates contracts or other acts within the authority of the articles, and the corporation is liable for those contracts or acts; and

(3) restores to the corporation all assets and rights of the corporation and its members to the extent they were held by the corporation and its members before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 75. Minnesota Statutes 2000, section 349.165, subdivision 1, is amended to read:

Subdivision 1. **PREMISES PERMIT REQUIRED; APPLICATION.** A licensed organization may not conduct lawful gambling at any site unless it has first obtained from the board a premises permit for the site. The board shall prescribe a form for permit applications, and each application for a permit must be submitted on a separate form. A The premises permit issued by the board is valid for two years runs concurrently with the license of the organization unless the premises permit is suspended, revoked, or voluntarily terminated by the organization. The board may by rule limit the number of premises permits that may be issued to an organization.

Sec. 76. Minnesota Statutes 2000, section 349.165, subdivision 3, is amended to read:

Subd. 3. **FEES.** (a) The board may issue four classes of premises permits corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The fee for each class of permit is:

(1) \$400 for a class A permit;

(2) \$250 for a class B permit;

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

(3) \$200 for a class C permit; and

(4) \$150 for a class D permit.

(b) If a premises permit is issued during the second year of an organization's license, the fee for each class of permit is:

(1) \$200 for a class A permit;

(2) \$125 for a class B permit;

(3) \$100 for a class C permit; and

(4) \$75 for a class D permit.

Sec. 77. Minnesota Statutes 2000, section 357.18, subdivision 3, is amended to read:

Subd. 3. **SURCHARGE.** In addition to the fees imposed in subdivision 1, a \$4.50 \$5 surcharge shall be collected: on each fee charged under subdivision 1, clauses (1) and (6), and for each abstract certificate under subdivision 1, clause (4). Fifty cents of each surcharge shall be retained by the county to cover its administrative costs, 50 cents shall be appropriated to the legislative coordinating commission for the task force on electronic real estate recording created by Laws 2000, chapter 391, and \$4 shall be paid to the state treasury and credited to the general fund.

EFFECTIVE DATE. This section is effective only between August 1, 2001, and June 30, 2003.

Sec. 78. Minnesota Statutes 2000, section 403.11, subdivision 1, is amended to read:

Subdivision 1. **EMERGENCY TELEPHONE SERVICE FEE.** (a) Each customer of a telephone company or communications carrier that provides service capable of originating a 911 emergency telephone call is assessed a fee to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for minimum 911 emergency telephone service, plus administrative and staffing costs of the department of administration related to managing the 911 emergency telephone service program. Recurring charges by a public utility providing telephone service for updating the information required by section 403.07, subdivision 3, must be paid by the commissioner of administration if the utility is included in an approved 911 plan and the charges have been certified and approved under subdivision 3. The commissioner of administration shall transfer an amount equal to two cents a month from the fee assessed under this section on cellular and other nonwire access services to the commissioner of public safety for the purpose of offsetting the costs, including administrative and staffing costs, incurred by the state patrol division of the department of public safety in handling 911 emergency calls made from cellular phones. Money remaining in the 911 emergency telephone service account after all other obligations are paid must not cancel and is carried forward to subsequent years and may be appropriated from time to time to the commissioner of administration to

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

provide financial assistance to counties for the improvement of local emergency telephone services. The improvements may include providing access to minimum 911 service for telephone service subscribers currently without access and upgrading existing 911 service to include automatic number identification, local location identification, automatic location identification, and other improvements specified in revised county 911 plans approved by the department.

(b) ~~The fee may not be less than eight cents nor more than 30~~ is 27 cents a month for each customer access line or other basic access service, including trunk equivalents as designated by the public utilities commission for access charge purposes and including cellular and other nonwire access services. The fee must be the same for all customers.

(c) The fee must be collected by each company or carrier providing service subject to the fee. Fees are payable to and must be submitted to the commissioner of administration monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than \$250 a month is due, or annually if less than \$25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telephone service account in the special revenue fund. The money in the account may only be used for 911 telephone services as provided in paragraph (a).

(d) ~~The commissioner of administration, with the approval of the commissioner of finance, shall establish the amount of the fee within the limits specified and inform the companies and carriers of the amount to be collected. Companies and carriers must be given a minimum of 45 days' notice of fee changes.~~

(e) This subdivision does not apply to customers of a telecommunications carrier as defined in section 237.01, subdivision 6.

Sec. 79. Minnesota Statutes 2000, section 473.13, is amended by adding a subdivision to read:

Subd. 1c. **REPORT ON CONSULTANTS.** The annual budget must list by contract or project, expenditures for consultants and professional, technical, and other similar services for the preceding fiscal year and those proposed or anticipated in the next year. The council shall consult with the state auditor and the legislative auditor on how to coherently and effectively communicate in the budget information on professional services contracts, including a detailed description of the:

- (1) methods the council used to obtain consultant services;
- (2) criteria used by the council to award the contract;
- (3) number of consultants who sought the contract;
- (4) total cost of the contract;
- (5) duration of the contract; and
- (6) source of the funds used to pay for the contract.

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

Sec. 80. [473.246] LEGISLATIVE COMMISSION ON METROPOLITAN GOVERNMENT; REVIEW.

The metropolitan council shall submit to the legislative commission on metropolitan government information on the council's tax rates and dollar amounts levied for the current year, proposed property tax rates and levies, operating and capital budgets, work program, capital improvement program, and any other information requested by the commission, for review by the legislative commission, as provided in section 3.8841.

Sec. 81. Minnesota Statutes 2000, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. TERM OF LICENSE; FEE; PREMARITAL EDUCATION. (a) The court administrator shall examine upon oath the party applying for a license relative to the legality of the contemplated marriage. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, including the restriction contained in section 259.13, the court administrator shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the district court seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. In case of emergency or extraordinary circumstances, a judge of the district court of the county in which the application is made, may authorize the license to be issued at any time before the expiration of the five days. Except as provided in paragraph (b), the court administrator shall collect from the applicant a fee of \$70 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the court administrator for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A court administrator who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed \$1,000.

(b) The marriage license fee for parties who have completed at least 12 hours of premarital education is \$20. In order to qualify for the reduced fee, the parties must submit a signed and dated statement from the person who provided the premarital education confirming that it was received. The premarital education must be provided by a licensed or ordained minister or the minister's designee, a person authorized to solemnize marriages under section 517.18, or a person authorized to practice marriage and family therapy under section 148B.33. The education must include the use of a premarital inventory and the teaching of communication and conflict management skills.

(c) The statement from the person who provided the premarital education under paragraph (b) must be in the following form:

"I, (name of educator), confirm that (names of both parties) received at least 12 hours of premarital education that included the use of a premarital inventory and the

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

teaching of communication and conflict management skills. I am a licensed or ordained minister, a person authorized to solemnize marriages under Minnesota Statutes, section 517.18, or a person licensed to practice marriage and family therapy under Minnesota Statutes, section 148B.33."

The names of the parties in the educator's statement must be identical to the legal names of the parties as they appear in the marriage license application. Notwithstanding section 138.17, the educator's statement must be retained for seven years, after which time it may be destroyed.

(b) (d) If section 259.13 applies to the request for a marriage license, the court administrator shall grant the marriage license without the requested name change. Alternatively, the court administrator may delay the granting of the marriage license until the party with the conviction:

(1) certifies under oath that 30 days have passed since service of the notice for a name change upon the prosecuting authority and, if applicable, the attorney general and no objection has been filed under section 259.13; or

(2) provides a certified copy of the court order granting it. The parties seeking the marriage license shall have the right to choose to have the license granted without the name change or to delay its granting pending further action on the name change request.

Sec. 82. Minnesota Statutes 2000, section 517.08, subdivision 1c, as amended by Laws 2001, chapter 7, section 84, is amended to read:

Subd. 1c. **DISPOSITION OF LICENSE FEE.** (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$15 must be retained by the county. The court administrator shall must pay \$55 to the state treasurer to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the special revenue fund to be appropriated to the commissioner of children, families, and learning for parenting time centers under section 119A.37; and

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255.

(b) Of the \$20 fee under subdivision 1b, paragraph (b), \$15 must be retained by the county. The state court administrator must pay \$5 to the state treasurer to be distributed as provided in paragraph (a), clauses (2) and (3).

Sec. 83. Minnesota Statutes 2000, section 574.26, subdivision 2, is amended to read:

Subd. 2. **TERMS.** Except as provided in sections 574.263 and 574.264 or if the amount of the contract is \$10,000 \$75,000 or less, a contract with a public body for the doing of any public work is not valid unless the contractor gives (1) a performance

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

bond to the public body with whom the contractor entered into the contract, for the use and benefit of the public body to complete the contract according to its terms, and conditioned on saving the public body harmless from all costs and charges that may accrue on account of completing the specified work, and (2) a payment bond for the use and benefit of all persons furnishing labor and materials engaged under, or to perform the contract, conditioned for the payment, as they become due, of all just claims for the labor and materials. Reasonable attorneys' fees, costs, and disbursements may be awarded in an action to enforce claims under the act if the action is successfully maintained or successfully appealed.

Sec. 84. Minnesota Statutes 2000, section 645.44, is amended by adding a subdivision to read:

Subd. 15a. MUST. "Must" is mandatory.

Sec. 85. Laws 1997, chapter 202, article 2, section 61, as amended by Laws 1999, chapter 250, article 1, section 106, is amended to read:

Sec. 61. VOLUNTARY UNPAID LEAVE OF ABSENCE.

Appointing authorities in state government may allow each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, 2001-2005. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 86. Laws 1998, chapter 366, section 80, is amended to read:

Sec. 80. SETTLEMENT DIVISION; TRANSFER OF JUDGES.

The office of administrative hearings shall establish a settlement division. The workers' compensation judges at the department of labor and industry, together with their support staff, offices, furnishings, equipment, and supplies, are transferred to the settlement division of the office of administrative hearings. Minnesota Statutes, section 15.039, applies to the transfer of employees. The settlement division of the office of administrative hearings shall maintain offices in either Hennepin or Ramsey county and the cities of St. Paul, Duluth, and Detroit Lakes. The office of a judge in the settlement division of the office of administrative hearings and the support staff of the judge may be located in a building that contains offices of the department of labor and industry. The seniority of a workers' compensation judge at the office of administrative hearings, after the transfer, shall be based on the total length of service as a judge at either

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

agency. For purposes of the commissioner's plan under Minnesota Statutes, section 43A.18, subdivision 2, all compensation judges at the office of administrative hearings shall be considered to be in the same employment condition, the same organizational unit and qualified for work in either division.

Sec. 87. Laws 1999, chapter 250, article 1, section 12, subdivision 3, as amended by Laws 2000, chapter 488, article 12, section 1, subdivision 1, is amended to read:

Subd. 3. Office of Technology

5,499,000 2,707,000

The commissioner of administration shall develop and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a long-range plan identifying the mission and goals of the office of technology. The appropriation for the second year is not available until the plan has been approved by a law enacted at the 2000 regular session.

Summary by Fund

General	5,071,000	2,707,000
State Government Special Revenue	168,000	-0-
Workers' Compensation	260,000	-0-

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Administrative Services

2,871,000 2,707,000

\$468,000 the first year and \$468,000 the second year are for ongoing costs of the North Star II project under Minnesota Statutes, section 16E.07.

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

(b) One-Stop Business Licensing

\$500,000 the first year is a one-time appropriation for the one-stop business licensing system project under Minnesota Statutes, section 16E.08. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, and 2001. Before the system is put into operation, the security information technology project of the commissioner of administration shall perform a security audit of the system and submit a report on the audit to the chairs of the governmental operations budget division of the senate and the state government finance committee of the house of representatives.

(c) Small Agency Infrastructure

Summary by Fund

General	1,700,000	-0-
State Government Special Revenue	168,000	-0-
Workers' Compensation	260,000	-0-

This appropriation is for a one-time transfer to eligible small agencies for the small agency infrastructure project. The commissioner of administration shall determine priorities for which projects should be funded, except that \$323,000 is for the public utilities commission. An agency whose strategic plan for information technology was not approved before April 1, 1999, may not receive money from this appropriation. This appropriation is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees

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

responsible for this budget item by January 15, 2000, 2001, and 2002.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 88. APPLICATION.

Sections 79 and 80 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 89. INITIAL BOARD.

The initial board of Northern Technology, Inc. consists of the president of Pine Technical College and one member of each of the governing bodies of Carlton, Chisago, Isanti, Kanabec, and Pine counties, appointed by the governing bodies. Members of the initial board must be appointed within 30 days of the effective date of this act and must adopt bylaws within 30 days of the appointment of the last board member appointed under this section. Any additional board members required under the bylaws or Minnesota Statutes, section 116T.02, subdivision 3, must take office or be appointed within 30 days after the adoption of bylaws under this section.

Sec. 90. HIAWATHA AVENUE LIGHT RAIL TRANSIT COST CALCULATION.

(a) The office of the legislative auditor shall prepare a complete accounting of all federal, state, and local costs relating to the Hiawatha avenue light rail transit line. The cost accounting must include:

(1) planning, environmental studies, and preliminary and final design and engineering for the project;

(2) construction and other capital costs of the light rail transit line when completed;

(3) improvements and repairs to and reconstruction of state and local streets and highways incurred and anticipated as a result of the project;

(4) all costs of utility relocation resulting from the project;

(5) all costs incurred by the department of transportation with respect to public information and communications about the project;

(6) construction, acquisition, or lease of park-and-ride facilities that would serve project riders, including costs of relocating other public facilities to make room for those park-and-ride facilities;

(7) projected costs of connecting the Hiawatha avenue light rail transit line with commuter rail facilities;

(8) any costs necessitated by the project and included in the project budget for the reconstruction of marked trunk highway No. 55, to the extent not included under clause (3); and

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

(9) all public costs relating to the acquisition of real property for the line and for the purchase and development of real property adjacent to the project right-of-way.

(b) The legislative auditor shall submit an interim report of the cost accounting to the legislature by March 1, 2002, and shall submit a final report to the legislature by March 1, 2003.

Sec. 91. JESSE JAMES DAYS BLEACHERS.

Notwithstanding Minnesota Statutes, section 16B.616, subdivisions 3 and 4, the defeat of Jesse James committee, a nonprofit corporation located in Northfield, Minnesota, need not provide a signed certificate of compliance with bleacher safety standards before January 1, 2003, with respect to bleachers erected by the committee before August 1, 1999, for use during the defeat of Jesse James days celebration week.

Sec. 92. PAY EQUITY STUDY.

The commissioner of employee relations shall convene a work group to examine the practices and progress of the local government pay equity act. The commissioner must report the findings of the group to the legislature by January 15, 2002.

Sec. 93. SHALL/MUST.

The revisor of statutes, in consultation with the directors of house research and senate counsel and research, must report to the house of representatives and senate rules committees and the legislative coordinating commission by November 1, 2001, on a proposal to change "shall" to "must" in Minnesota Statutes.

Sec. 94. LOCATING STATE AGENCIES.

It is the policy of the Minnesota legislature to ensure that state government services are available to all people of our state.

Therefore, the office of strategic and long-range planning, in cooperation with the departments of administration and finance, shall develop criteria for the proper location of state agencies or parts of state agencies. The purpose of these criteria will be to evaluate the advantages and disadvantages of proposals to relocate and decentralize state services and facilities.

The office shall report its recommendations to the senate finance committee, senate capital investment committee, house ways and means committee, and house capital investment committee by January 15, 2002.

Sec. 95. RATIFICATIONS.

Subdivision 1. UNREPRESENTED MANAGERS; MINNESOTA STATE COLLEGES AND UNIVERSITIES. The amendments to the plan for administrators of the Minnesota state colleges and universities, approved by the legislative coordinating commission subcommittee on employee relations on July 21, 2000, are ratified.

Subd. 2. SALARIES FOR HEADS OF STATE AGENCIES. The proposal to increase the salaries of certain heads of state agencies, approved by the legislative

New language is indicated by underline, deletions by strikeout.

coordinating commission subcommittee on employee relations on July 21, 2000, is ratified.

Subd. 3. ENGINEERS. The arbitration award and labor agreement between the state of Minnesota and the Minnesota government engineers council, approved by the legislative coordinating commission subcommittee on employee relations on September 8, 2000, are ratified.

Subd. 4. SALARIES FOR CERTAIN HEADS OF STATE AGENCIES. The proposals to increase the salaries of the directors of the state board of investment and the teachers retirement association, as approved by the legislative coordinating commission subcommittee on employee relations on September 8, 2000, are ratified.

EFFECTIVE DATE. This section is effective retroactively to May 21, 2001.

Sec. 96. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber Minnesota Statutes, section 16B.88, as Minnesota Statutes, section 4.50.

Sec. 97. TRANSFERS.

The office of citizenship and volunteer services is transferred from the department of administration to the office of the governor according to Minnesota Statutes, section 15.039.

Sec. 98. WORK PLAN APPROPRIATIONS.

(a) \$650,000 is appropriated from the surcharge collected under Minnesota Statutes, section 357.18, subdivision 3, to the legislative coordinating commission, to be made available to the real estate task force established in accordance with Laws 2000, chapter 391, for the expenses of the task force in carrying out the work plan as described in the January 15, 2001, task force report to the legislature. This appropriation is available until June 30, 2003, and is to be administered at the direction of the chair of the task force, subject to the prior approval of the task force.

(b) \$500,000 is appropriated from the surcharge collected under Minnesota Statutes, section 357.18, subdivision 3, to the legislative coordinating commission, to be made available to the task force for the development and implementation of pilot electronic real estate projects in diverse counties as described in the January 15, 2001, task force report to the legislature. This appropriation is available until June 30, 2003.

Sec. 99. LEGISLATIVE COORDINATING COMMISSION; DUTIES; APPROPRIATION.

(a) The real estate task force established under Laws 2000, chapter 391, may contract with the legislative coordinating commission for the provision of administrative services to, the preparation of requests for proposal, or the disbursement of funds for the payment of vendors, salaries, and other expenses of the task force.

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

(b) \$50,000 is appropriated from the surcharge collected under Minnesota Statutes, section 357.18, subdivision 3, to the legislative coordinating commission for the purpose of paragraph (a).

Sec. 100. DONATIONS.

The real estate task force established under Laws 2000, chapter 391, may accept donations of money or resources, including loaned employees or other services. The donations must be under the sole control of the task force.

Sec. 101. LEGISLATIVE AND EXECUTIVE BRANCH ASSISTANCE.

Whenever possible, legislative employees and agencies in the executive branch shall assist the real estate task force established under Laws 2000, chapter 391, in carrying out its duties.

Sec. 102. REPEALER.

(a) Minnesota Statutes 2000, sections 16E.08; 129D.06; and 179A.07, subdivision 7, are repealed.

(b) Minnesota Statutes 2000, sections 16A.67; 16A.6701; and 246.18, subdivision 7, are repealed.

(c) Minnesota Statutes 2000, section 43A.18, subdivision 5, is repealed.

EFFECTIVE DATE. Paragraph (b) of this section is effective December 31, 2001. Paragraph (c) of this section is effective the day following final enactment.

Sec. 103. EFFECTIVE DATE.

Unless otherwise specified, this article is effective July 1, 2001.

ARTICLE 3

VARIOUS ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2000, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **REFUND.** (1) (a) Any person former member who has made contributions pursuant to under subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon application to the director, a refund of all contributions credited to the member's account with interest at an annual rate of six percent compounded annually.

(2) (b) The refund of contributions as provided in clause (1) terminates all rights of a former member of the legislature or the survivors of the former member under this chapter. Should If the former member of the legislature again be becomes a member of the legislature after having taken a refund as provided above in paragraph (a), the

New language is indicated by underline, deletions by strikeout.

member shall must be considered a new member. However, a new member may reinstate the rights and credit for service forfeited, provided if the new member repays all refunds taken plus interest at an annual rate of 8.5 percent compounded annually.

(3) (c) No person shall may be required to apply for or to accept a refund.

Sec. 2. Minnesota Statutes 2000, section 11A.18, subdivision 7, is amended to read:

Subd. 7. **PARTICIPATION AND FINANCIAL REPORTING IN FUND.** (a) Each participating public retirement fund or plan which has transferred money to the state board for investment in the postretirement investment fund shall have an undivided participation in the fund. The participation on any valuation date shall must be determined by adding to the participation on the prior valuation date: (a) (1) funds transferred in accordance with subdivision 6; ~~(b);~~ (2) the amount of required investment income on its participation as defined in subdivision 9, ~~clause (1)(e)~~ paragraph (c), clause (1); and ~~(e)~~ (3) the reserves for any benefit adjustment made as of the current valuation date with the result adjusted for any mortality gains or losses determined pursuant to under subdivision 11.

(b) The total fair market value of the postretirement fund as of June 30 must be calculated in accordance with generally accepted accounting principles. The fair market value share of each fund participating in the postretirement investment fund must be allocated by adding to the fair market value at the beginning of the fiscal year: (1) 100 percent of the funds transferred in accordance with subdivision 6; and (2) a pro rata distribution of unrealized gains or losses, based on a weighted percentage of participation at the end of each month of the fiscal year.

Sec. 3. **[13.632] TEACHERS RETIREMENT FUND ASSOCIATION DATA; CERTAIN CITIES.**

Subdivision 1. BENEFICIARY AND SURVIVOR DATA. The following data on beneficiaries and survivors of the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, and the Duluth teachers retirement fund association members are private data on individuals: home address, date of birth, direct deposit number, and tax withholding data.

Subd. 2. LIMITS ON DISCLOSURE. Required disclosure of data about members, survivors, and beneficiaries is limited to name, gross annuity or benefit amount, and type of annuity or benefit awarded.

Sec. 4. Minnesota Statutes 2000, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **INCLUDED EMPLOYEES.** (a) "State employee" includes:

- (1) employees of the Minnesota historical society;
- (2) employees of the state horticultural society;

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

(3) employees of the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, if employed before July 1, 1963;

(4) employees of the Minnesota crop improvement association;

(5) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;

(6) employees of the Minnesota state colleges and universities employed under the university or college activities program;

(7) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);

(8) employees of the armory building commission;

(9) employees of the legislature appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;

(10) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;

(11) employees of the Minnesota safety council;

(12) any employees on authorized leave of absence from the transit operating division of the former metropolitan transit commission who are employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division;

(13) employees of the metropolitan council, metropolitan parks and open space commission, metropolitan sports facilities commission, metropolitan mosquito control commission, or metropolitan radio board unless excluded or covered by another public pension fund or plan under section 473.415, subdivision 3;

(14) judges of the tax court;

(15) personnel employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization; and

(16) seasonal help in the classified service employed by the department of revenue; and

(17) a person who renders teaching or other service for the Minnesota state colleges and universities system and who also renders service on a part-time basis for an employer with employees covered by the general state employees retirement plan

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

of the Minnesota state retirement system, for all service with the Minnesota state colleges and universities system; if the person's nonteaching service comprises at least 50 percent of the combined total salary received by the person as determined by the chancellor of the Minnesota state colleges and universities system or if the person is certified for general state employees retirement plan coverage by the chancellor of the Minnesota state colleges and universities system.

(b) Employees specified in paragraph (a), clause (15), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

Sec. 5. Minnesota Statutes 2000, 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, or the state colleges and universities, and community colleges unless approved for coverage by the board of regents or the board of trustees of the Minnesota state colleges and universities, as the case may be;

(3) (2) employees who are eligible for membership in the state teachers retirement association, except employees of the department of children, families, and learning who have chosen or may choose to be covered by the general state employees retirement plan of the Minnesota state retirement system instead of the teachers retirement association;

(4) (3) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;

(5) (4) 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;

(6) (5) election officers;

(7) (6) persons who are engaged in public work for the state but who are employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(8) (7) officers and employees of the senate and, or of the house of representatives, or of a legislative committee or commission who are temporarily employed;

(9) (8) 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;

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

(10) (9) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota veterans home;

(11) (10) persons who are employed for professional services where the service is incidental to their regular professional duties and whose compensation is paid on a per diem basis;

(12) (11) employees of the Sibley House Association;

(13) (12) 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) (13) state troopers;

(15) (14) temporary employees of the Minnesota state fair who are employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons who are employed at any time by the state fair administration for special events held on the fairgrounds;

(16) (15) emergency employees who are 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) (16) persons who are described in section 352B.01, subdivision 2, clauses (2) to (5);

(18) (17) temporary employees in the classified service, and temporary employees in the unclassified service who are appointed for a definite period of not more than six months and who are employed less than six months in any one-year period;

(19) (18) trainee employees, except those listed in subdivision 2a, clause (10);

(20) (19) persons whose compensation is paid on a fee basis;

(21) (20) state employees who are employed by the board of trustees of the Minnesota state colleges and universities in unclassified positions enumerated in section 43A.08, subdivision 1, clause (9);

(22) 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;

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

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

(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 1986, as amended through December 31, 1992;

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

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

(26) temporary employees who are employed for limited periods under any state or federal program for training or rehabilitation, including persons who are employed for limited periods from areas of economic distress ~~except~~, but not including skilled and supervisory personnel and persons having civil service status covered by the system;

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

(28) temporary employees, who are 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;

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

(30) members of trades who are employed by the successor to the metropolitan waste control commission ~~with~~, who have trade union pension plan coverage under a collective bargaining agreement, and who are first employed after June 1, 1977;

(31) persons who are 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 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;

(32) off-duty peace officers while employed by the metropolitan council;

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

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

(34) 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;

(35) 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

(36) persons who are employed by the board of trustees of the Minnesota state colleges and universities 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. 6. Minnesota Statutes 2000, section 352.113, subdivision 4, is amended to read:

Subd. 4. **MEDICAL OR PSYCHOLOGICAL EXAMINATIONS; AUTHORIZATION FOR PAYMENT OF BENEFIT.** An applicant shall provide medical or psychological evidence to support an application for total and permanent disability. The director shall have the employee examined by at least one additional licensed chiropractor, physician, or psychologist designated by the medical adviser. The chiropractors, physicians, or psychologists shall make written reports to the director concerning the employee's disability including medical opinions as to whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17. The director shall also obtain written certification from the employer stating whether the employment has ceased or whether the employee is on sick leave of absence because of a disability that will prevent further service to the employer and as a consequence the employee is not entitled to compensation from the employer. The medical adviser shall consider the reports of the physicians, psychologists, and chiropractors and any other evidence supplied by the employee or other interested parties. If the medical adviser finds the employee totally and permanently disabled, the adviser shall make appropriate recommendation to the director in writing together with the date from which the employee has been totally disabled. The director shall then determine if the disability occurred within 180 days of filing the application, while still in the employment of the state, and the propriety of authorizing payment of a disability benefit as provided in this section. A terminated employee may apply for a disability benefit within 180 days of termination as long as the disability occurred while in the employment of the state. The fact that an employee is placed on leave of absence without compensation because of disability does not bar that employee from receiving a disability benefit. Unless payment of a disability benefit has terminated because the employee is no longer totally disabled, or because the employee has reached normal retirement age as provided in this section, the disability benefit shall cease with the last payment received by the disabled employee or which had accrued during the lifetime of the employee unless there is a spouse surviving; in that event the surviving spouse is entitled to the disability benefit for the calendar month in which the disabled employee died.

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

Sec. 7. Minnesota Statutes 2000, section 352.113, subdivision 6, is amended to read:

Subd. 6. REGULAR MEDICAL OR PSYCHOLOGICAL EXAMINATIONS.

At least once each year during the first five years following the allowance of a disability benefit to any employee, and at least once in every three-year period thereafter, the director may require any disabled employee to undergo a medical or psychological examination. The examination must be made at the place of residence of the employee, or at any place mutually agreed upon, by a physician or physicians designated by the medical adviser and engaged by the director. If any examination indicates to the medical adviser that the employee is no longer permanently and totally disabled, or is engaged in or can engage in a gainful occupation, payments of the disability benefit by the fund must be discontinued. The payments shall discontinue as soon as the employee is reinstated to the payroll following sick leave, but in no case shall payment be made for more than 60 days after the medical adviser finds that the employee is no longer permanently and totally disabled.

Sec. 8. Minnesota Statutes 2000, section 352.22, subdivision 8, is amended to read:

Subd. 8. REFUND SPECIFICALLY LIMITED. If a former employee covered by the system does not apply for refund within five years after the last deduction was taken from salary for the retirement fund, and does not have enough service to qualify for a deferred annuity, accumulated contributions must be credited to and become a part of the retirement fund. If the former employee returns to state service and becomes a state employee covered by the system, the amount credited to the retirement fund, if more than \$2 \$25, shall must be restored to the individual account. If the amount credited to the fund is over \$2 \$25 and the former employee applies for refund or an annuity under section 352.72, the amount must be restored to the former employee's individual account and a refund made or an annuity paid, whichever applies.

Sec. 9. Minnesota Statutes 2000, section 352.87, subdivision 4, is amended to read:

Subd. 4. NON-JOB-RELATED DISABILITY BENEFITS. An eligible member described in subdivision 1, who is less than 55 years of age and who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while not engaged in covered employment, is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 15 years of service qualifying under this section and waiving the minimum age requirement. If the eligible member becomes disabled under this subdivision with more than 15 years of service covered under this section, the eligible member is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the minimum age requirement.

Sec. 10. Minnesota Statutes 2000, section 352.87, subdivision 5, is amended to read:

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

Subd. 5. **JOB-RELATED DISABILITY BENEFITS.** An eligible member defined in subdivision 1, who is less than 55 years of age and who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while engaged in covered employment, is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 20 years of service qualifying under this section and waiving the minimum age requirement. An eligible member who becomes disabled under this subdivision with more than 20 years of service credited under this section is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the age requirement.

Sec. 11. Minnesota Statutes 2000, section 352.95, subdivision 4, is amended to read:

Subd. 4. **MEDICAL OR PSYCHOLOGICAL EVIDENCE.** (a) An applicant shall provide medical or psychological evidence to support an application for disability benefits. The director shall have the employee examined by at least one additional licensed physician or psychologist designated by the medical adviser. The physicians shall make written reports to the director concerning the employee's disability, including medical opinions as to whether the employee is disabled within the meaning of this section. The director shall also obtain written certification from the employer stating whether the employee is on sick leave of absence because of a disability that will prevent further service to the employer, and as a consequence the employee is not entitled to compensation from the employer.

(b) If on considering the physicians' reports and any other evidence supplied by the employee or others, the medical adviser finds the employee disabled within the meaning of this section, the advisor shall make appropriate recommendation to the director in writing, together with the date from which the employee has been disabled. The director shall then determine the propriety of authorizing payment of a disability benefit as provided in this section.

(c) Unless payment of a disability benefit has terminated because the employee is no longer disabled, or because the employee has reached age 62 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later, the disability benefit shall cease with the last payment received by the disabled employee or which had accrued during the employee's lifetime. While disability benefits are paid, the director has the right at reasonable times to require the disabled employee to submit proof of the continuance of the disability claimed. If any examination indicates to the medical adviser that the employee is no longer disabled, the disability payment must be discontinued upon reinstatement to state service or within 60 days of the finding, whichever is sooner.

Sec. 12. Minnesota Statutes 2000, section 352.95, subdivision 5, is amended to read:

Subd. 5. **RETIREMENT STATUS AT NORMAL RETIREMENT AGE.** The disability benefit paid to a disabled correctional employee under this section shall

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

terminate at the end of the month in which the employee reaches age 62 65, or the five-year anniversary of the effective date of the disability benefit, whichever is later. If the disabled correctional employee is still disabled when the employee reaches age 62 65, or the five-year anniversary of the effective date of the disability benefit, whichever is later, the employee shall be deemed to be a retired employee. If the employee had elected an optional annuity under subdivision 1a, the employee shall receive an annuity in accordance with the terms of the optional annuity previously elected. If the employee had not elected an optional annuity under subdivision 1a, the employee may within 90 days of attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later, either elect to receive a normal retirement annuity computed in the manner provided in section 352.93 or elect to receive an optional annuity as provided in section 352.116, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of an optional annuity must be made within 90 days before attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. If an optional annuity is elected, the optional annuity shall begin to accrue on the first of the month following the month in which the employee reaches age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later.

Sec. 13. Minnesota Statutes 2000, section 352.95, subdivision 7, is amended to read:

Subd. 7. **RESUMPTION OF EMPLOYMENT.** If the disabled employee resumes a gainful occupation from which earnings are less than the salary received at the date of disability or the salary currently paid for similar positions, or if the employee is entitled to receive workers' compensation benefits work, the disability benefit must be continued in an amount which when added to current earnings and workers' compensation benefits does not exceed the salary received at the date of disability or the salary currently paid for similar positions, whichever is higher, if the disability benefit in that case does not exceed the disability benefit originally authorized and in effect rate of the disabled employee at the date of disability as adjusted by the same percentage increase in United States average wages used by social security in calculating average indexed monthly earnings for the same period.

Sec. 14. Minnesota Statutes 2000, section 352B.01, subdivision 11, is amended to read:

Subd. 11. **AVERAGE MONTHLY SALARY.** "Average monthly salary" means the average of the highest monthly salaries for five years of service as a member. Average monthly salary must be based upon all allowable service if this service is less than five years. It does not include any lump-sum annual leave payments and overtime payments made at the time of separation from state service, any amounts of severance pay, or any reduced salary paid during the period the person is entitled to workers' compensation benefit payments for temporary disability. A member on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period

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

of absence may make payment to the fund for the difference between salary received, if any, and the salary the member would normally receive if not on leave of absence during the period. The member shall pay an amount equal to the member and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under this subdivision must include interest at the rate of 8.5 percent per year, and must be completed within one year of the return from the leave of absence.

Sec. 15. Minnesota Statutes 2000, section 352B.10, subdivision 3, is amended to read:

Subd. 3. **ANNUAL AND SICK LEAVE; WORK AT LOWER PAY.** No member shall receive any disability benefit payment when the member has unused annual leave or sick leave or under any other circumstances, when during the period of disability there has been no impairment of salary. Should the member or former member resume gainful work and earn less than the salary received at the date of disability or the salary currently paid for similar positions, the disability benefit must be continued in an amount which when added to current earnings does not exceed the salary rate received of the person at the date of disability or the salary currently paid for similar positions, whichever is higher. The disability benefit must not exceed the disability benefit originally allowed as adjusted by the same percentage increase in United States average wages used by social security in calculating average indexed monthly earnings for the same period.

Sec. 16. Minnesota Statutes 2000, section 352B.101, is amended to read:

352B.101 APPLICATION FOR DISABILITY BENEFIT.

A member claiming a disability benefit must file a written application for benefits in the office of the system in a form and manner prescribed by the executive director. The member shall provide medical or psychological evidence to support the application. The benefit begins to accrue the day following the start of disability or the day following the last day for which the member was paid, whichever is later, but not earlier than 180 days before the date the application is filed with the executive director.

Sec. 17. Minnesota Statutes 2000, section 354.05, subdivision 2, is amended to read:

Subd. 2. **TEACHER.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class or in the Minnesota state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the Minnesota state colleges and universities system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including

New language is indicated by underline, deletions by strikeout.

members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association ~~unless the employee is covered by the Minnesota state retirement system due to prior employment by that system;~~

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the board of trustees of the Minnesota state colleges and universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) Teacher does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and 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 association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(3) a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or

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

customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(4) a person exempt from licensure under section 122A.30.

Sec. 18. Minnesota Statutes 2000, section 354.52, subdivision 4, is amended to read:

Subd. 4. **REPORTING AND REMITTANCE REQUIREMENTS.** An employer shall remit all amounts due to the association and furnish a statement indicating the amount due and transmitted with any other information required by the executive director. If an amount due is not received by the association within ~~seven~~ 14 calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually from the due date until the amount is received by the association. All amounts due and other employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 19. Minnesota Statutes 2000, section 354A.011, subdivision 24, is amended to read:

Subd. 24. **SALARY; COVERED SALARY.** (a) "Salary" or "covered salary" means the entire compensation, 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 deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

(1) lump sum annual leave payments;

(2) lump sum wellness and sick leave payments;

(3) payments in lieu of any employer-paid group insurance coverage employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage, and certain amounts determined by the executive secretary or director to be ineligible;

(4) payments for the difference between single and family premium rates that may be paid to a member with single coverage any form of payment made in lieu of any other employer-paid fringe benefit or expense;

(5) employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or

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

automobile allowances and expenses any form of severance payments;

(6) workers' compensation payments;

(7) disability insurance payments, including self-insured disability payments;

(6) (8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

(7) (9) payments under section 356.24, subdivision 1, clause (4)(ii); and

(8) (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 20. [354A.107] PAYMENT ACCEPTANCE ALLOWED.

The payment for the purchase of allowable service credit, or the repayment of a prior refund, or the payment of equivalent contributions for an eligible leave of absence, as permitted by law, by a member of the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, or the Duluth teachers retirement fund association, may be made with amounts transferred from a plan qualified under section 401(a), 401(k), 403(a), 403(b), or 457(b) of the federal Internal Revenue Code of 1986, as amended from time to time, or amounts transferred from an individual retirement account if done solely in a manner that is eligible for treatment as a nontaxable rollover under the applicable federal law. The rollover must be separately accounted for as member contributions that were not previously taxed. Before accepting any transfers to which this section applies, the executive secretary or director must require the member to provide written documentation that the amounts to be transferred are eligible for tax-free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986, as amended.

Sec. 21. [354A.108] PAYMENT BY TEACHERS COLLECTING WORKERS' COMPENSATION.

(a) A member of the Duluth teachers retirement fund association who is receiving temporary workers' compensation payments related to the member's teaching service and who either is receiving a reduced salary from the employer or is receiving no salary from the employer is entitled to receive allowable service credit for the period of time that the member is receiving the workers' compensation payments upon making the required payment amount.

(b) The required amount payable by the member must be calculated first by determining the differential salary amount, which is the difference between the salary received, if any, during the period of time that the member is collecting workers' compensation payments, and the salary that the member received for an identical length period immediately before collecting the workers' compensation payments. The member shall pay an amount equal to the employee contribution rate under section

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

354A.12, subdivision 1, multiplied by the differential salary amount.

(c) If the member makes the employee payment under this section, the employing unit shall make an employer payment to the Duluth teachers retirement fund association equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied by the differential salary amount.

(d) Payments made under this subdivision are payable without interest if paid by June 30 of the year during which the workers' compensation payments are received by the member. If paid after June 30, payments made under this subdivision must include interest at the rate of 8.5 percent per year. Payment under this section must be completed within one year of the termination of the workers' compensation payments to the member.

Sec. 22. Minnesota Statutes 2000, section 354A.12, subdivision 5, is amended to read:

Subd. 5. **EMPLOYEE REPORTING AND REMITTANCE REQUIREMENTS.** (a) Each school district employing unit shall provide to the appropriate teachers retirement fund association information the following member data regarding all new or returning employees on a form provided by the executive secretary or director before the employee's first payroll date, in a format approved by the executive secretary or director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur. Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, or exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence; and

(7) other information as may be required by the association.

(b) Each employing unit shall provide the following data to the appropriate association for each payroll cycle in a format approved by the executive secretary or director:

(1) an association member number;

New language is indicated by underline, deletions by strikeout.

- (2) employer-assigned employee number;
- (3) social security number;
- (4) amount of each salary deduction;
- (5) amount of salary as defined in section 354A.011, subdivision 24, from which each deduction was made;
- (6) reason for payment;
- (7) service credit;
- (8) the beginning and ending dates of the payroll period covered and the date of actual payment;
- (9) fiscal year of salary earnings;
- (10) total remittance amount including employee, employer, and employer additional contributions; and
- (11) other information as may be required by the association.

(c) On or before August 1 each year, each employing unit must report to the appropriate association giving an itemized summary for the preceding 12 months of the total amount that was withheld from the salaries of teachers for deductions and all other information required by the association.

(d) An employing unit that does not comply with the reporting requirements under this section shall pay a fine of \$5 per calendar day until the association receives the required member data.

(e) An employing unit shall remit all amounts that are due to the association and shall furnish for each pay period an itemized statement indicating the total amount that is due and is transmitted with any other information required by the association. All amounts due and other employer obligations that are not remitted within 30 days of notification by the association must be certified by the director or secretary to the commissioner of finance, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit and shall transmit the deducted amount to the applicable association.

Sec. 23. Minnesota Statutes 2000, section 354A.31, subdivision 3, is amended to read:

Subd. 3. **RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.** (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that annuity payments must be reduced during the calendar year immediately following

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

the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

(f) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement income as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

Sec. 24. Minnesota Statutes 2000, section 354A.35, subdivision 4, is amended to read:

Subd. 4. PAYMENT OF MINIMAL REFUND AND BENEFIT AMOUNTS. If a coordinated member or former coordinated member dies without having designated a beneficiary or if the designated beneficiary dies without there existing any other designated beneficiary and prior to making application for the refund credited to the deceased coordinated member or coordinated former member, and if the amount of the refund does not exceed \$500 \$1,500, the board in its discretion may, in absence of

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

probate proceedings, make payment 90 days after the date of death of the coordinated member or former coordinated member to the surviving spouse of the deceased coordinated member or former coordinated member, or if none, to the next of kin as determined under the laws of descent of the state. A payment under this subdivision shall be a bar to recovery by any other person or persons. Any retirement annuity in any amount which has accrued at the time of the death of a coordinated retiree may be paid by the board in its discretion using the procedure set forth in this subdivision.

Sec. 25. [356.866] CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.

Subdivision 1. LUMP-SUM POSTRETIREMENT PAYMENT CONVERSION. For benefits paid after December 31, 2001, to eligible persons under sections 356.86 and 356.865, the amount of the most recent lump-sum benefit payable to an eligible recipient under sections 356.86 and 356.865, must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases.

Subd. 2. TRANSFER OF REQUIRED RESERVES TO MINNESOTA POSTRETIREMENT INVESTMENT FUND. Public employee retirement funds participating in the state board of investment postretirement investment fund shall transfer the required reserves for the postretirement conversion under subdivision 1 to the postretirement investment fund by January 31, 2002.

Sec. 26. Minnesota Statutes 2000, section 356A.06, subdivision 5, is amended to read:

Subd. 5. INVESTMENT BUSINESS RECIPIENT DISCLOSURE. The chief administrative officer of a covered pension plan, with respect to investments made by the plan, and the executive director of the state board of investment, with respect to investments of plan assets made by the board, shall annually disclose in writing the recipients of investment business placed with or investment commissions allocated among commercial banks, investment bankers, brokerage organizations, or other investment managers. The disclosure document must be prepared within 60 days after the close of the fiscal year of the plan and must be available for public inspection during regular office hours at the office of the plan. The disclosure document must also be filed with the executive director of the legislative commission on pensions and retirement within 90 days after the close of the fiscal year of the plan. For the state board of investment and a first class city teacher retirement fund association, a disclosure document included as part of a regular annual report of the board or of the first class city teacher retirement fund association when filed with the executive director of the legislative commission on pensions and retirement is considered to have been filed on a timely basis.

Sec. 27. Minnesota Statutes 2000, section 490.121, subdivision 4, is amended to read:

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

Subd. 4. **ALLOWABLE SERVICE.** "Allowable service" means a whole year, or any fraction thereof any calendar month, subject to the service credit limit in subdivision 22, served as a judge at any time, or served as a referee in probate for all referees in probate who were in office prior to January 1, 1974.

Sec. 28. Laws 2000, chapter 461, article 10, section 3, is amended to read:

Sec. 3. EFFECTIVE DATE.

Section 1 is effective on the day following final enactment. Section 2 is effective on the first day of the first full pay period beginning after January 1, ~~2002~~ 2003.

Sec. 29. REPEALER.

Minnesota Statutes 2000, section 354A.026, is repealed.

Sec. 30. EFFECTIVE DATE.

(a) Sections 1 to 20, and 22 to 29 are effective on July 1, 2001.

(b) Section 21 is effective on May 1, 2001.

ARTICLE 4

OPEN MEETING REQUIREMENT FOR LOCAL PUBLIC PENSION PLANS

Section 1. Minnesota Statutes 2000, section 13D.01, subdivision 1, is amended to read:

Subdivision 1. **IN EXECUTIVE BRANCH, LOCAL GOVERNMENT.** All meetings, including executive sessions, must be open to the public

- (a) of a state
- (1) agency,
- (2) board,
- (3) commission, or
- (4) department,

when required or permitted by law to transact public business in a meeting; and

- (b) of the governing body of a
- (1) school district however organized,
- (2) unorganized territory,
- (3) county,
- (4) statutory or home rule charter city,

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

(5) town, or
(6) other public body; and
(c) of any
(1) committee,
(2) subcommittee,
(3) board,
(4) department, or
(5) commission,
of a public body; and

(d) of the governing body or a committee of:

(1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

(2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, 422A, or 423B.

Sec. 2. Minnesota Statutes 2000, section 356A.08, subdivision 1, is amended to read:

Subdivision 1. **PUBLIC MEETINGS.** A meeting of the governing board of a covered statewide pension plan or of a committee of the governing board of the statewide covered pension plan is governed by chapter 13D.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 5

POLICE STATE AID AMENDMENTS

Section 1. Minnesota Statutes 2000, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall for the purposes of this chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means any:

(1) a home rule charter or statutory city;

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

- (2) an organized town or;
- (3) a park district subject to chapter 398;
- (4) the University of Minnesota; and;
- (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation; and;
- (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
- (7) for purposes of the police state aid program only, the metropolitan airports commission; with respect to peace officers covered under chapter 422A; or; and
- (8) for purposes of the police state aid program only, the department of natural resources and the department of public safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.
- (e) "Market value" means latest available market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the state board of equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.
- (g) "Peace officer" means any person:
- (1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

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

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the peace officers standards and training board and is authorized to arrest with a warrant; and

(5) who is a member of a local police relief association to which section 69.77 applies, the state patrol retirement plan, the public employees police and fire fund, or the Minneapolis employees retirement fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (2), (3), and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district, the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the board of regents. For the metropolitan airports commission, the clerk is the person designated by the commission. For the department of natural resources or the department of public safety, the clerk is the respective commissioner. For a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person designated by the applicable American Indian tribal government.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

ARTICLE 6

GENERALIZED SERVICE CREDIT PURCHASES

Section 1. Minnesota Statutes 2000, section 352.01, subdivision 11, is amended to read:

Subd. 11. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Service by an employee for which on or before July 1, 1957, the employee was entitled to allowable service credit on the records of the system by reason of employee

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

contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, chapter 352, as amended by Laws 1955, chapter 239.

(2) Service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24.

(3) Except as provided in clauses (8) and (9), service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041.

(4) Except as provided in clauses (8) and (9), service by an employee after July 1, 1957, for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, section 352.021, subdivision 4.

For purposes of clauses (3) and (4), except as provided in clauses (8) and (9), any salary paid for a fractional part of any calendar month, including the month of separation from state service, is deemed the compensation for the entire calendar month.

(5) The period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund.

(6) Service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system.

(7) Service before July 1, 1978, by an employee of the transit operating division of the metropolitan transit commission or by an employee on an authorized leave of absence from the transit operating division of the metropolitan transit commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division, which was credited by the metropolitan transit commission-transit operating division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977.

(8) Service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either by pay period, monthly,

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

or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, clauses (i) and (j), govern.

Allowable service determined and credited on a fractional basis shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

(9) Any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund in lieu of salary deductions. To obtain credit, the employee shall pay an amount equal to the employee and employer contribution rate in section 352.04, subdivisions 2 and 3, multiplied by the employee's hourly rate of salary on the date of return from leave of absence and by the days and months of the leave of absence without pay for which the employee wants allowable service credit. The employing department, at its option, may pay the employer amount on behalf of its employees. Payments made under this clause must include interest at an annual rate of 8.5 percent compounded annually from the date of termination of the leave of absence to the date payment is made unless payment is completed within one year of the return from leave of absence.

(10) A period purchased under section 356.555.

Sec. 2. Minnesota Statutes 2000, section 352B.01, subdivision 3, is amended to read:

Subd. 3. **ALLOWABLE SERVICE.** (a) "Allowable service" means:

(1) for members defined in subdivision 2, clause (a), monthly service is granted for any month for which payments have been made to the state patrol retirement fund, and

(2) for members defined in subdivision 2, clauses (b) and (c), service for which payments have been made to the state patrol retirement fund, service for which payments were made to the state police officers retirement fund after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961.

(b) Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or return to employment.

(c) Allowable service also includes a period purchased under section 356.555.

Sec. 3. Minnesota Statutes 2000, section 353.01, subdivision 16, is amended to read:

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

Subd. 16. **ALLOWABLE SERVICE.** (a) "Allowable service" means service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35, and service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect.

(b) "Allowable service" also means a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund.

(c) "Allowable service" also means a period of authorized leave of absence without pay that does not exceed one year, and during or for which a member obtained credit by payments to the fund made in place of salary deductions, provided that the payments are made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case immediately preceding commencement of the leave of absence. If the employee elects to pay employee contributions for the period of any leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to both the required employer and additional employer contributions for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a. The employer by appropriate action of its governing body, made a part of its official records, before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and receive a minimum of three months of allowable service to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay.

(d) "Allowable service" also means a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The

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

employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave.

(e) "Allowable service" also means a period during which a member is on an authorized sick leave of absence, without pay, limited to one year. An employee who has received one year of allowable service shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized sick leave of absence.

(f) "Allowable service" also means an authorized temporary layoff under subdivision 12, limited to three months allowable service per authorized temporary layoff in one calendar year. An employee who has received the maximum service allowed for an authorized temporary layoff shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized temporary layoff.

(g) Notwithstanding any law to the contrary, "allowable service" also means a parental leave. The association shall grant a maximum of two months service credit for a parental leave, within six months after the birth or adoption, upon documentation from the member's governmental subdivision or presentation of a birth certificate or other evidence of birth or adoption to the association.

(h) "Allowable service" also means a period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within five years of the date of discharge from the military service. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching employer contribution and additional employer contribution under section 353.27, subdivisions 3 and 3a, must be paid by the governmental subdivision employing the member upon return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty.

(i) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraphs (a) to (i) and section 352.01, subdivision 11.

(j) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retire-

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

ment association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(k) "Allowable service" also means a period purchased under section 356.555.

Sec. 4. Minnesota Statutes 2000, section 354.05, subdivision 13, is amended to read:

Subd. 13. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611 or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51 or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of

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

money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) a period purchased under section 356.555.

Sec. 5. Minnesota Statutes 2000, section 354.534, subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT PURCHASE AUTHORIZED.** (a) A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for out-of-state teaching service by making payment under section 356.55, provided the out-of-state teaching service was performed for an educational institution established and operated by another state, governmental subdivision of another state, or the federal government governmental jurisdiction and the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that out-of-state teaching service.

(b) For purposes of paragraph (a), "another governmental jurisdiction" means:

(1) another state of the United States;

(2) a governmental subdivision of another state of the United States;

(3) the federal government;

(4) a federally recognized American Indian tribe; or

(5) a country other than the United States.

Sec. 6. Minnesota Statutes 2000, section 354.536, subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT PURCHASE AUTHORIZED.** A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for developmental achievement center, nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 7. Minnesota Statutes 2000, section 354.539, is amended to read:

**354.539 USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS
TO PURCHASE SERVICE CREDIT.**

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit

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

under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538, 354.541, and 354.542 or to repay a refund under section 354.50.

(b) At the request of a member, if determined by the executive director to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the teachers retirement association. Upon receipt of the full prior service credit purchase payment amount, the teachers retirement association shall grant the requested allowable and formula service credit.

Sec. 8. [354.541] PRIOR UNIVERSITY OF MINNESOTA TEACHING SERVICE CREDIT PURCHASE.

Subdivision 1. SERVICE CREDIT PURCHASE AUTHORIZED. A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for University of Minnesota teaching service by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that University of Minnesota teaching service.

Subd. 2. APPLICATION AND DOCUMENTATION. A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require. Payment must be made before the teacher's effective date of retirement.

Subd. 3. SERVICE CREDIT GRANT. Allowable and formula service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 9. [354.542] PRIOR TEACHING SERVICE CREDIT PURCHASE BY IRAP MEMBERS WITH DEFERRED TEACHERS RETIREMENT ASSOCIATION CREDIT.

A person in covered employment under section 354B.20, subdivision 4, who is a participant in the individual retirement account plan authorized by chapter 354B and who has at least three years of allowable service credit with the teachers retirement association may purchase service credit as provided in sections 354.533 to 354.538 and 354.541.

Sec. 10. Minnesota Statutes 2000, section 354A.011, subdivision 4, is amended to read:

Subd. 4. ALLOWABLE SERVICE. "Allowable service" means any service rendered by a teacher during a period in which the teacher receives salary from which

New language is indicated by underline, deletions by strikeout.

employee contribution salary deductions are made to and credited by the teachers retirement fund association ~~or~~, any service rendered by a person during any period where assessments or payments in lieu of salary deductions were made if authorized by any law or provision of the association's articles of incorporation or bylaws then in effect or pursuant to section 354A.091, 354A.092, 354A.093, or 354A.094, or service credit purchased under section 356.555.

Sec. 11. Minnesota Statutes 2000, section 354A.098, subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT PURCHASE AUTHORIZED.** (a) A teacher who has at least three years of allowable service credit with one of the retirement fund associations under this chapter and who rendered out-of-state teaching service for an educational institution established and operated by another state, ~~governmental subdivision of another state, or the federal government~~ governmental entity specified in paragraph (b) is entitled to purchase up to ten years of allowable service credit for that out-of-state service by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that out-of-state teaching service. Payment must be made before the teacher's effective date of retirement.

(b) An eligible governmental entity for purposes of paragraph (a) is:

(1) another state of the United States;

(2) a governmental subdivision of another state of the United States;

(3) the federal government;

(4) a federally recognized American Indian tribe; or

(5) a public education institution in a foreign country.

Sec. 12. Minnesota Statutes 2000, section 354A.101, subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT PURCHASE AUTHORIZED.** A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for developmental achievement center or nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 13. Minnesota Statutes 2000, section 354A.106, is amended to read:

354A.106 USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.

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

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104, 354A.109, and 354A.1095, or to repay a refund under section 354A.38.

(b) At the request of a member, if determined by the executive director of the applicable teachers retirement fund association to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the applicable teachers retirement fund association. Upon receipt of the full prior service credit purchase payment amount, the applicable teachers retirement fund association shall grant the requested allowable and formula service credit.

Sec. 14. [354A.109] PRIOR UNIVERSITY OF MINNESOTA TEACHING SERVICE CREDIT PURCHASE.

Subdivision 1. SERVICE CREDIT PURCHASE AUTHORIZED. A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for University of Minnesota teaching service by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that University of Minnesota teaching service.

Subd. 2. APPLICATION AND DOCUMENTATION. A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require. Payment must be made before the teacher's effective date of retirement.

Subd. 3. SERVICE CREDIT GRANT. Allowable service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 15. [354A.1095] PRIOR TEACHING SERVICE CREDIT PURCHASE BY IRAP MEMBERS WITH DEFERRED TEACHERS RETIREMENT ASSOCIATION CREDIT.

A teacher who is a participant in the individual retirement account plan authorized by chapter 354B and who has at least three years of allowable service credit with a teachers retirement fund association may purchase service credit as provided in sections 354A.091 to 354A.099, 354A.101 to 354A.106, and 354A.109.

Sec. 16. Minnesota Statutes 2000, section 356.55, subdivision 7, is amended to read:

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

Subd. 7. EXPIRATION OF PURCHASE PAYMENT DETERMINATION PROCEDURE. (a) This section expires and is repealed on July 1, ~~2004~~ 2003.

(b) Authority for any public pension plan to accept a prior service credit payment calculated in a timely fashion under this section expires on October 1, ~~2004~~ 2003.

Sec. 17. [356.555] PARENTAL OR FAMILY LEAVE SERVICE CREDIT PURCHASE.

Subdivision 1. SERVICE CREDIT PURCHASE AUTHORIZATION. (a) Notwithstanding any provision to the contrary of the laws governing a plan enumerated in subdivision 4, a member of the pension plan who has at least three years of allowable service covered by the applicable pension plan and who was granted by the employer a parental leave of absence as defined in paragraph (b), or who was granted by the employer a family leave of absence as defined in paragraph (c), or who had a parental or family-related break in employment, as defined in paragraph (d), for which the person did not previously receive service credit or for which the person did not receive or purchase service credit from another defined benefit public employee pension plan, is entitled to purchase the actual period of the leave or of the break in service, up to five years, of allowable service credit in the applicable retirement plan. The purchase payment amount is governed by section 356.55.

(b) For purposes of this section, a parental leave of absence is a temporary period of interruption of or separation from active employment for the purposes of handling maternity or paternity duties that has been approved by the employing unit and that includes the right of reinstatement to employment.

(c) For purposes of this section, a family leave of absence is a family leave under United States Code, title 42, section 12631, as amended.

(d) For purposes of this section, a parental or family-related break in employment is a period following a termination of active employment primarily for the purpose of the birth of a child, the adoption of a child, or the provision of care to a near relative or in-law, after which the person returned to the prior employing unit or to an employing unit covered by the same pension plan that provided retirement coverage immediately prior to the termination of employment.

Subd. 2. APPLICATION AND DOCUMENTATION. A person who desires to purchase service credit under subdivision 1 must apply for the service credit purchase with the chief administrative officer of the enumerated pension plan. The application must include all necessary documentation of the qualifications of the person to make the purchase, signed written permission to allow the chief administrative officer to request and receive necessary verification of all applicable facts and eligibility requirements, and any other relevant information that the chief administrative officer may require.

Subd. 3. SERVICE CREDIT GRANT. Allowable service credit in the applicable enumerated pension plan for the purchase period must be granted to the purchaser upon receipt of the purchase payment amount calculated under section 356.55. Payment of

New language is indicated by underline, deletions by strikeout.

the purchase amount must be made before the person retires.

Subd. 4. COVERED PENSION PLANS. This section applies to the following pension plans:

- (1) general state employees retirement plan governed by chapter 352;
- (2) correctional state employees retirement plan governed by chapter 352;
- (3) general public employees retirement plan governed by chapter 353;
- (4) public employees police and fire plan governed by chapter 353;
- (5) teachers retirement plan governed by chapter 354;
- (6) Minneapolis teachers retirement fund association governed by chapter 354A;
- (7) Saint Paul teachers retirement fund association governed by chapter 354A;
- (8) Duluth teachers retirement fund association governed by chapter 354A;
- (9) Minneapolis employees retirement plan governed by chapter 422A;
- (10) Minneapolis police relief association governed by chapter 423B; and
- (11) Minneapolis fire department relief association governed by sections 69.25 to 69.53 and augmented by Laws 1959, chapters 213, 491, and 568, and other special local legislation.

Sec. 18. Minnesota Statutes 2000, section 422A.155, is amended to read:

422A.155 DETERMINATION OF SERVICE CREDIT.

(a) Notwithstanding the provisions of section 422A.15, subdivision 1, no employee of the contributing class of the Minneapolis employees retirement fund shall be entitled to receive a year of service credit during the employee's final year of service unless the employee is employed and has received compensation from the city of Minneapolis or other applicable employing unit during each of the calendar months making up the year for which the employee would usually be employed. Any employee of the contributing class who is employed and receives compensation in fewer than the usual number of calendar months during the final year of service shall receive credit for that portion of a year that the employee's completed months of employment and receipt of compensation bears to the usual number of months which the employee would usually be employed.

(b) Notwithstanding any provision of this chapter to the contrary, service credit also means a period purchased under section 356.555.

Sec. 19. Minnesota Statutes 2000, section 423B.01, is amended by adding a subdivision to read:

Subd. 4a. ALLOWABLE SERVICE CREDIT. "Allowable service credit" means:

- (1) service rendered as an active member;

New language is indicated by underline, deletions by strikeout.

- (2) service as an elected public official under section 423B.03;
- (3) military service credited under section 423B.09, subdivision 3; and
- (4) a period of service purchased under section 356.555.

**Sec. 20. MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION;
PARENTAL LEAVE PURCHASE.**

Notwithstanding any provision of Minnesota Statutes, sections 69.25 to 69.53; Laws 1959, chapters 213, 491, and 568; or any other special local law governing the Minneapolis fire department relief association to the contrary, service credit for the purposes of calculating service pensions, disability benefits, or survivor benefits includes a period purchased under Minnesota Statutes, section 356.555.

Sec. 21. EXPIRATION DATE.

(a) The amendments in sections 1, 2, 3, 4, 10, 12, 16, 17, 18, 19, and 20 expire May 16, 2003.

(b) Sections 9 and 15 expire May 16, 2002.

Sec. 22. EFFECTIVE DATE.

(a) Sections 6 and 9 are effective the day following final enactment.

(b) Sections 1 to 5, 7, 8, and 10 to 21 are effective July 1, 2001.

ARTICLE 7

POSTRETIREMENT HEALTH CARE INSURANCE COVERAGE

Section 1. [352.98] POSTRETIREMENT HEALTH CARE SAVINGS PLAN.

Subdivision 1. PLAN CREATED. The Minnesota state retirement system shall establish a plan or plans, known as postretirement health care savings plans, through which public employers and employees may save to cover postretirement health care costs. The Minnesota state retirement system shall make available one or more trusts, including a governmental trust or governmental trusts, authorized under the Internal Revenue Code to be eligible for tax-preferred or tax-free treatment through which employers and employees can save to cover postretirement health care costs.

Subd. 2. CONTRACTING AUTHORIZED. The Minnesota state retirement system is authorized to administer the plan and to contract with public and private entities to provide investment services, recordkeeping, benefit payments, and other functions necessary for the administration of the plan. If allowed by the Minnesota state board of investment, the Minnesota state board of investment supplemental investment funds may be offered as investment options under the postretirement savings plan or plans.

New language is indicated by underline, deletions by strikeout.

Subd. 3. **CONTRIBUTIONS.** (a) Contributions to the plan shall be determined through a personnel policy or in a collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit. The Minnesota state retirement system may offer different types of trusts permitted under the Internal Revenue Code to best meet the needs of different employee units.

(b) Contributions to the plan by or on behalf of the employee shall be held in trust for reimbursement of employee and dependent health-related expenses following retirement from public employment. The Minnesota state retirement system shall maintain a separate account of the contributions made by or on behalf of each participant and the earnings thereon. The Minnesota state retirement system shall make available a limited range of investment options, and each employee may direct the investment of the accumulations in the employee's account among the investment options made available by the Minnesota state retirement system. At the request of a participating employer and employee group, the Minnesota state retirement system may determine how the assets of the affected employer and employee group should be invested.

(c) This section does not obligate a public employer to meet and negotiate in good faith with the exclusive bargaining representative of any public employee group regarding an employer contribution to a postretirement health care savings plan authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent of the legislature to authorize the state to incur new funding obligations for the costs of retiree health care or the costs of administering retiree health care plans or accounts.

Subd. 4. **REIMBURSEMENT FOR HEALTH-RELATED EXPENSES.** Following termination of public service, the Minnesota state retirement system shall reimburse employees at least quarterly for submitted health-related expenses, until the employee exhausts the accumulation in the employee's account. If an employee dies prior to exhausting the employee's account balance, the employee's spouse or dependents shall be eligible to be reimbursed for health care expenses from the account until the account balance is exhausted. If an account balance remains after the death of a participant and all of the participant's legal dependents, the remainder of the account shall be paid to the employee's beneficiaries or, if none, to the employee's estate.

Subd. 5. **FEES.** The Minnesota state retirement plan is authorized to charge uniform fees to participants to cover the ongoing cost of operating the plan. Any fees not needed shall revert to participant accounts or be used to reduce plan fees the following year. The Minnesota state retirement system is authorized to charge participating employers a fee, not to exceed one-sixth of the federal insurance contribution act savings realized by the employer as a result of participating in the plan, until the initial costs of establishing the plan or plans authorized by this section are recovered, or \$75,000, whichever is less.

Subd. 6. **ADVISORY COMMITTEE.** (a) The Minnesota state retirement system shall establish a participant advisory committee for the plan, made up of one

New language is indicated by underline, deletions by strikeout.

representative appointed by each employee unit participating in the plan. Each participating unit shall be responsible for the expenses of its own representative.

(b) The advisory committee shall meet at least twice per year and shall be consulted on plan offerings and vendor selection. By October 1 of each year, the Minnesota state retirement system shall give the advisory committee a statement of fees collected and the use of the fees.

Subd. 7. CONTRACTING WITH PRIVATE ENTITIES. Nothing in this section shall prohibit employers from contracting with private entities to provide for postretirement health care reimbursement plans.

Sec. 2. Minnesota Statutes 2000, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **RESTRICTION; EXCEPTIONS.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter

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

354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; or

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective July 1, 2001.

ARTICLE 8

STATE PATROL RETIREMENT PLAN MEMBERSHIP EXPANSION

Section 1. Minnesota Statutes 2000, 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 or the board of trustees of the Minnesota state colleges and universities, as the case may be;
- (3) employees who are eligible for membership in the state teachers retirement association except employees of the department of children, families, and learning 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;
- (6) election officers;

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

(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)~~ (6);

(18) temporary employees in the classified service, and 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;

(19) trainee employees, except those listed in subdivision 2a, clause (10);

(20) persons whose compensation is paid on a fee basis;

(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;

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

(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 1986, as amended through December 31, 1992;

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

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

(26) 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;

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

(28) 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;

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

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

(31) 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 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;

(32) off-duty peace officers while employed by the metropolitan council;

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

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

(34) 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;

(35) 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

(36) persons who are employed by the board of trustees of the Minnesota state colleges and universities 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. 2. Minnesota Statutes 2000, section 352B.01, subdivision 2, is amended to read:

Subd. 2. **MEMBER.** "Member" means:

(a) persons referred to and (1) a state patrol member currently employed after June 30, 1943, under Laws 1929, chapter 355, as amended or supplemented, currently employed section 299D.03 by the state, who is a peace officer under section 626.84, and whose salaries salary or compensation is paid out of state funds;

(b) (2) a conservation officer employed under section 97A.201, currently employed by the state, whose salary or compensation is paid out of state funds;

(c) (3) a crime bureau officer who was employed by the crime bureau and was a member of the highway patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant under section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of state funds;

(d) (4) a person who is employed by the state in the department of public safety in a data processing management position with salary or compensation paid from state funds, who was a crime bureau officer covered by the state patrol retirement plan on August 15, 1987, and who was initially hired in the data processing management position within the department during September 1987, or January 1988, with membership continuing for the duration of the person's employment in that position, whether or not the person has the power of arrest by warrant after August 15, 1987; and

(e) (5) a public safety employees employee defined as a peace officers officer in section 626.84, subdivision 1, paragraph (c), and employed with the division of alcohol and gambling enforcement under section 299L.01; and

(f) (6) a fugitive apprehension unit officer after October 31, 2000, employed by the office of special investigations of the department of corrections who is a peace officer under section 626.84.

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

Sec. 3. DISPOSITION OF CERTAIN CONTRIBUTIONS.

(a) The employee contributions for the period November 1, 2000, to the effective date of this section for a person described in Minnesota Statutes, section 352B.01, subdivision 2, clause (6), must be transferred, with 8.5 percent per annum interest for the period from the date of the contribution to the date of transfer, from the general state employees retirement plan of the Minnesota state retirement system to the state patrol retirement fund.

(b) The employer contributions associated with the employee contributions governed by paragraph (a) also must be transferred for the period from the date of the contribution to the date of transfer, with 8.5 percent per annum interest, from the general state employees retirement plan of the Minnesota state retirement system to the state patrol retirement fund.

(c) A person described in Minnesota Statutes, section 352B.01, subdivision 2, clause (6), must pay, by additional payroll deduction, to the state patrol retirement fund an amount equal to the difference between the transferred employee contributions and interest and the full member contribution under Minnesota Statutes, section 352B.02, subdivision 1a, plus 8.5 percent per annum interest on the balance from March 1, 2001, to the date the additional payment is complete. The additional payment must be completed by December 31, 2001, or by the date of retirement, whichever is earlier.

(d) The department of corrections, for each person described in Minnesota Statutes, section 352B.01, subdivision 2, clause (6), must pay, in a lump sum on July 1, 2001, to the state patrol retirement fund an amount equal to the difference between the transferred employer contributions and interest and the full employer contribution under Minnesota Statutes, section 352B.02, subdivision 1c, plus 8.5 percent per annum interest on the amount from March 1, 2001, to July 1, 2001.

Sec. 4. EFFECTIVE DATE.

Sections 1 and 2 are effective retroactively to November 1, 2000. Section 3 is effective the day following final enactment.

ARTICLE 9**PRIVATIZED PUBLIC EMPLOYEE DISABILITY COVERAGE****Section 1. [352F.051] CONTINUATION OF DISABILITY COVERAGE.**

Subdivision 1. ELIGIBILITY. A terminated hospital employee who is totally and permanently disabled under section 352.01, subdivision 17, and who had a medically documented preexisting condition of the disability before January 1, 1997, may apply under Minnesota Statutes 1996, section 352.113, subdivision 1, for a disability benefit.

Subd. 2. CALCULATION OF BENEFITS. A person qualifying under subdivision 1 is entitled to receive a disability benefit calculated under Minnesota Statutes

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

1996, section 352.113, subdivision 3. The disability benefit must be augmented under section 352.72, subdivision 2, from January 1, 1997, to the date on which the disability benefit begins to accrue.

Subd. 3. **APPLICABILITY OF GENERAL LAW.** Except as otherwise provided, section 352.113 applies to a person who qualifies for disability under subdivision 1.

Sec. 2. [353F.051] CONTINUATION OF DISABILITY COVERAGE.

Subdivision 1. **ELIGIBILITY.** A terminated medical facility or other public employing unit employee who is totally and permanently disabled under Minnesota Statutes 1998, section 353.01, subdivision 19, and who had a medically documented preexisting condition of the disability before the termination of coverage, may apply for a disability benefit.

Subd. 2. **CALCULATION OF BENEFITS.** A person qualifying under subdivision 1 is entitled to receive a disability benefit calculated under Minnesota Statutes 1998, section 353.33, subdivision 3. The disability benefit must be augmented under Minnesota Statutes 1998, section 353.71, subdivision 2, from the date of termination to the date the disability benefit begins to accrue.

Subd. 3. **APPLICABILITY OF GENERAL LAW.** Except as otherwise provided, Minnesota Statutes 1998, section 353.33, applies to a person who qualifies for disability under subdivision 1.

Sec. 3. EFFECTIVE DATE.

(a) Sections 1 and 2 are effective the day following final enactment.

(b) A disability benefit under section 1 is payable retroactively to March 1, 2000, or to the first of the month next following the date on which the eligible person attempted to apply for a disability benefit from the general state employees retirement plan of the Minnesota state retirement system, whichever is later.

ARTICLE 10

PERA-GENERAL MEMBERSHIP INCLUSIONS

Section 1. Minnesota Statutes 2000, 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:

New language is indicated by underline, deletions by strikeout.

(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;

(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 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; and

(12) full-time employees of the Dakota county agricultural society.

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

Sec. 2. Minnesota Statutes 2000, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** The following public employees shall not participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan:

(1) elected public officers, or persons appointed to fill a vacancy in an elective office, who do not elect to participate in the association by filing an application for membership;

(2) election officers;

(3) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision, but not those employees who are hired for an unlimited period but are serving a probationary period. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

Membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees whose actual salary from one governmental subdivision does not exceed \$425 per month, or whose annual salary from one governmental subdivision does not exceed a stipulation prepared in advance, in writing, that the salary must not exceed \$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 for employment expected to be of less than a full year's duration;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association

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

governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(8) persons 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 through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are part-time employees as defined by a governmental subdivision;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(11) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible for membership from the date of the extension;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of

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

compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(17) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan under a collective bargaining agreement who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12; and

(18) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, with coverage under a collective bargaining agreement by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local L-1324 pension plan, the painters and allied trades local 61 pension plan, or the Twin Cities plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under section 6; and

(20) plumbers employed by the metropolitan airports commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under section 6.

Sec. 3. Minnesota Statutes 2000, section 353.01, subdivision 6, is amended to read:

Subd. 6. **GOVERNMENTAL SUBDIVISION.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipi-

New language is indicated by underline, deletions by strikeout.

palities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108, the Spring Lake Park fire department, incorporated, and the Dakota county agricultural society.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 4. **[383D.48] METROPOLITAN INTER-COUNTY ASSOCIATION.**

Notwithstanding any other law to the contrary, Dakota county may provide financial and accounting services, including payroll management and records, to the Metropolitan Inter-county Association. Notwithstanding this section, Metropolitan Inter-county Association employees are not county employees for any purpose.

Sec. 5. **[383D.49] AGRICULTURAL SOCIETY.**

Notwithstanding any other law to the contrary, Dakota county may provide financial and accounting services, including payroll management and records, to the Dakota county agricultural society and may determine that employees of the society are county employees for the purposes of section 471.61. Dakota county agricultural society employees are not county employees for any other purpose.

Sec. 6. **PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN TRADES PERSONNEL.**

Subdivision 1. EXCLUSION ELECTION. (a) A bricklayer, allied craftworker, cement mason, glazier, glassworker, painter, allied tradesworker, or plasterer who is employed by the city of St. Paul or independent school district No. 625, St. Paul, on the effective date of this section and who has pension coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local L-1324 pension plan, the painters and allied trades local 61 pension plan, or the Twin Cities plasterers local 265 pension plan may elect to be excluded from pension coverage by the public employees retirement association.

(b) A plumber who is employed by the metropolitan airports commission on the effective date of this section and who has pension coverage under a collective bargaining agreement by the plumbers local 34 pension plan may elect to be excluded from pension coverage by the public employees retirement association.

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

(c) The exclusion election under this section must be made in writing on a form prescribed by the executive director of the public employees retirement association and must be filed with the executive director. The exclusion election is irrevocable. Authority to make the coverage exclusion expires on January 1, 2002.

Subd. 2. ELIGIBILITY FOR MEMBER CONTRIBUTION REFUND. A person who has less than three years of allowable service in the public employees retirement association and who elects the pension coverage exclusion under subdivision 1 is entitled to immediately apply for a refund under Minnesota Statutes, section 353.34, subdivisions 1 and 2, following the effective date of the exclusion election.

Subd. 3. DEFERRED ANNUITY ELIGIBILITY. In lieu of the refund under subdivision 2, a person who elects the pension coverage exclusion under subdivision 1 is entitled to a deferred retirement annuity under Minnesota Statutes, sections 353.34, subdivision 3; and 353.71, subdivision 2, based on any length of allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, to the credit of the person as of the date of the coverage exclusion election.

Sec. 7. DAKOTA COUNTY AGRICULTURAL SOCIETY EMPLOYEE PENSION CERTIFICATION.

Notwithstanding Minnesota Statutes, section 383D.49, the Dakota county board of commissioners may certify to the executive director of the public employees retirement association that full-time employees of the Dakota county agricultural society are county employees for purposes of retirement coverage under Minnesota Statutes, chapter 353, which status must be accorded to all similarly situated Dakota county agricultural society employees.

Sec. 8. EFFECTIVE DATE; LOCAL APPROVAL.

(a) Sections 1, 3, 4, and 5 are effective the day after the governing body of Dakota county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 7 is effective the day after the governing board of Dakota county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and certification to the executive director of the public employees retirement association.

(c) Sections 2 and 6 are effective for bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or independent school district No. 625, St. Paul, as applicable, on the day following approval by majority vote of the St. Paul city council or governing board of independent school district No. 625, St. Paul, as applicable, and compliance with Minnesota Statutes, section 645.021.

(d) Sections 2 and 6 are effective for plumbers employed by the metropolitan airports commission on the day following approval by majority vote of the metropolitan airports commission and compliance with Minnesota Statutes, section 645.021.

New language is indicated by underline, deletions by strikeout.

ARTICLE 11

REMEDIAL MEASURES FOR THE
PERA-GENERAL FUNDING DEFICIENCY

Section 1. Minnesota Statutes 2000, section 353.01, subdivision 1, is amended to read:

Subdivision 1. **TERMS.** Unless the language or context clearly indicates that a different meaning is intended, each of the following terms, for the purposes of this chapter, shall be has the meaning given the meanings subjoined to them it.

Sec. 2. Minnesota Statutes 2000, section 353.01, subdivision 2, is amended to read:

Subd. 2. **PUBLIC EMPLOYEE.** "Public employee" means an a governmental employee performing personal services for a governmental subdivision under defined in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. The term also includes special the classes of persons described or listed in subdivision 2a; but. The term also includes persons who elect association membership under subdivision 2d, paragraph (a), and persons for whom the applicable governmental subdivision had elected association membership under subdivision 2d, paragraph (b). The term excludes special the classes of persons listed in subdivision 2b for purposes of membership in the association. Public employee does not include independent contractors and their employees. A reemployed annuitant under section 353.37 must not be considered to be a public employee for purposes of that reemployment.

Sec. 3. Minnesota Statutes 2000, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **INCLUDED EMPLOYEES.** (a) 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;

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

(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 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, shall participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

(1) are specifically excluded under subdivision 2b;

(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or

(3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

(b) A public employee who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees

New language is indicated by underline, deletions by strikeout.

retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership until the employee terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

Sec. 4. Minnesota Statutes 2000, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** The following public employees shall are not eligible to participate as members of the association with retirement coverage by the public employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) elected public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office, who do not elect to participate in the association by filing an application for membership of a governing body, whose term of office first commences on or after July 1, 2002, for the service to be rendered in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

(3) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of for a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision, but not these. An employer must not apply the definition of temporary position so as to exclude employees who are hired for an unlimited period to fill positions that are permanent or that are for an unspecified period but who are serving a probationary period at the start of the employment. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

The membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees whose actual salary from one governmental subdivision does not exceed \$425 per month, or whose annual salary from one governmental subdivision

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

does not exceed a stipulation prepared in advance, in writing, that the salary must not exceed \$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 for employment expected to be of less than a full year's duration;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(7) (6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(8) (7) persons who are members of a religious order and 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 through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) full-time students who (8) employees who at the time they are hired by a governmental subdivision are enrolled and on a full-time basis to attend or are regularly attending classes at an accredited school, college, or university and who are part-time employees as defined by a governmental subdivision in an undergraduate, graduate, or professional-technical program, or a public or charter high school, if the employment is predicated on the student status of the individual;

(10) (9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(11) (10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

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

(12) (11) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) (12) foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible for membership from the date of the extension;

(14) (13) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) (14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) (15) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(17) (16) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12; and

(18) (17) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, with who have retirement coverage by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each business year of the governmental subdivision;

(19) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries

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

program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(20) independent contractors and the employees of independent contractors; and

(21) reemployed annuitants of the association during the course of that reemployment.

Sec. 5. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 2d. **OPTIONAL MEMBERSHIP.** (a) Membership in the association is optional by action of the individual employee for the following public employees who meet the conditions set forth in subdivision 2a:

(1) members of the coordinated plan who are also employees of labor organizations as defined in section 353.017, subdivision 1, for their employment by the labor organization only if they elect to have membership under section 353.017, subdivision 2;

(2) persons who are elected or persons who are appointed to elected positions other than local governing body elected positions who elect to participate by filing a written election for membership;

(3) members of the association who are appointed by the governor to be a state department head and who elect not to be covered by the general state employees retirement plan of the Minnesota state retirement system under section 352.021; and

(4) city managers as defined in section 353.028, subdivision 1, who do not elect to be excluded from membership in the association under section 353.028, subdivision 2.

(b) Membership in the association is optional by action of the governmental subdivision for the employees of the following governmental subdivisions under the conditions specified:

(1) the Minnesota association of townships if 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 the status of the association as a participating employer is permanent; and

(2) a county historical society if the county in which the historical society is located, at its option, certifies to the executive director that the employees of the historical society are to be county employees for purposes of retirement coverage under this chapter. The status as a county employee 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.

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

(c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered by paragraph (b), if the necessary membership election is not made, the employee is excluded from retirement coverage under this chapter. For employees who are covered by paragraph (a), clause (4), if the necessary election is not made, the employee must become a member and have retirement coverage under this chapter. The option to become a member, once exercised under this subdivision, may not be withdrawn until termination of public service as defined under subdivision 11a.

Sec. 6. Minnesota Statutes 2000, section 353.01, subdivision 7, is amended to read:

Subd. 7. **MEMBER.** "Member" means a person who accepts employment as a "public employee" under subdivision 2, who is an employee who works in one or more positions that require or allow membership in the association under subdivision 2a or 2d, for whom contributions have been withheld from salary and who is not covered by the plan established in chapter 353D or excluded under subdivision 2b. A person who is a member remains a member while performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff.

Sec. 7. Minnesota Statutes 2000, section 353.01, subdivision 11b, is amended to read:

Subd. 11b. **TERMINATION OF MEMBERSHIP.** (a) "Termination of membership" means the conclusion of membership in the association and occurs:

(1) upon termination of public service under subdivision 11a;

(2) when a member who is a part-time employee is excluded from membership as a full-time student under subdivision 2b, clause (9);

(3) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31. If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month, unless the employee has taken a refund of accumulated employee deductions plus interest under section 353.34, subdivision 1 as evidenced by the appropriate record filed by the governmental subdivision; or

(4) (3) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1).

(b) The termination of membership must be reported to the association by the governmental subdivision.

Sec. 8. Minnesota Statutes 2000, section 353.01, subdivision 12a, is amended to read:

Subd. 12a. **TEMPORARY POSITION.** (1) "Temporary position" means an employment position predetermined by the employer at the time of hiring to be a period of six months or less ~~or~~ Temporary position also means an employment position

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

occupied by a person hired by the employer as a temporary replacement who is employed for a predetermined period of six months or less.

(2) "Temporary position" does not mean an employment position for an unlimited period a specified term in which a person serves a probationary period or works an irregular schedule as a requirement for subsequent employment on a permanent or unlimited basis.

Sec. 9. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 12b. **SEASONAL POSITION.** "Seasonal position" means a position where the nature of the work or its duration are related to a specific season or seasons of the year, regardless of whether or not the employing agency anticipates that the same employee will return to the position each season in which it becomes available. The entire period of employment in a business year must be used to determine whether or not a position may be excluded as seasonal when there is less than a 30-day break between one seasonal position and a subsequent seasonal position for employment with the same governmental employer. Seasonal positions include, but are not limited to, coaching athletic activities or employment to plow snow or to maintain roads or parks, or to operate skating rinks, ski lodges, golf courses, or swimming pools.

Sec. 10. Minnesota Statutes 2000, section 353.01, subdivision 16, is amended to read:

Subd. 16. **ALLOWABLE SERVICE; LIMITS AND COMPUTATION.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35; and;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(b) "Allowable service" also means (3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(c) "Allowable service" also means (4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and during or for which a member obtained full or fractional service credit for each month in the leave period by payments to the fund made in place of salary deductions; provided that. The payments are must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately preceeding precedes the commencement of

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

the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to both the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a. The employer, if by appropriate action of its governing body, which is made a part of its official records, and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and receive render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;

(d) "Allowable service" also means (5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;

(e) "Allowable service" also means a period during which a member is on an authorized sick leave of absence, without pay, limited to one year. An employee who has received one year of allowable service shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a

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

subsequent authorized sick leave of absence.

(f) "Allowable service" also means (6) an authorized temporary layoff under subdivision 12. For temporary layoffs that begin before January 1, 2002, allowable service credit is limited to three months allowable service per authorized temporary layoff in one calendar year. An employee who has received the maximum service allowed for an authorized temporary layoff shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized temporary layoff. For temporary layoffs that begin on or after January 1, 2002, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:

(i) members who earned one month of allowable service credit for each of the nine calendar months of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive one month of allowable service credit, limited to three months of allowable service credit per year, for each month of the temporary layoff; or

(ii) members who earned less than nine months of allowable service credit in the year of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive allowable service credit on a fractional basis for each month of the authorized layoff, limited to three months of allowable service credit, determined by dividing the total number of months of service credit earned for the compensated employment by nine and multiplying the resulting number by the total number of months in the layoff period that are not compensated; or

(g) Notwithstanding any law to the contrary, "allowable service" also means a parental leave. The association shall grant a maximum of two months service credit for a parental leave, within six months after the birth or adoption, upon documentation from the member's governmental subdivision or presentation of a birth certificate or other evidence of birth or adoption to the association.

(h) "Allowable service" also means (7) a period during which a member is on an authorized leave of absence to enter military service in the armed forces of the United States, provided that the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within three times the length of the military leave period, or five years of the date of discharge from the military service, whichever is less. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching employer contribution and additional employer contribution under section 353.27, subdivisions 3 and 3a, must be paid by the governmental subdivision employing the member upon return to public service if the member makes

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

the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or compensated hours used in computing the payment amount.

(i) (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraphs paragraph (a) to (i), clauses (1) to (6), and section 352.01, subdivision 11.

(j) (c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) For persons who, after January 1, 2002, either first become members or terminated membership under subdivision 11b, and again become members, of the public employees retirement plan, the public employees police and fire plan under this chapter, or the local government correctional employee retirement plan under chapter 353E, whichever applies, "allowable service" means credit for compensated hours from which deductions are made, or for which payments are made in lieu of salary deductions as provided under this subdivision, and which are deposited and credited in the fund as provided in section 353.27, determined as follows:

(1) one month of allowable service credit for each month during which the employee has received salary for 80 or more compensated hours; or

(2) a fraction of one month of allowable service for each month for which the employee has received salary for less than 80 compensated hours equal to the percentage relationship that the number of compensated hours bear to 80 hours.

(e) Elected officials and other public employees who are compensated solely on an annual basis shall be granted a full year of credit for each year for which compensation is earned.

(f) Allowable service that is determined and credited on a fractional basis must be used only in calculating the amount of benefits payable. In determining the length of service required for vesting, a member shall be granted a month of service credit for each month in which the member received compensation from which employee

New language is indicated by underline, deletions by strikeout.

contributions were deducted. For periods of part-time service that are duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern.

(g) No member shall receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

Sec. 11. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 38. BUSINESS YEAR. "Business year" means the first day of the first full pay period through the last day of the last full pay period of the 12-month fiscal year applicable to the respective governmental subdivision.

Sec. 12. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 39. COMPENSATED HOURS. "Compensated hours" means the hours during which an employee performs services in one or more positions for a single governmental subdivision for which the employee receives compensation. The term also includes the following:

- (1) paid holiday hours for which the employee is not required to work;
- (2) paid used sick leave hours;
- (3) paid used personal leave hours and vacation hours; and
- (4) the paid hours drawn from accrued compensatory time.

Sec. 13. Minnesota Statutes 2000, section 353.27, subdivision 2, is amended to read:

Subd. 2. EMPLOYEE CONTRIBUTION. (a) The employee contribution is an the following applicable percentage of total salary amount (1) for a "basic member" equal to 8.75 percent of total salary; and (2) for a "coordinated member" equal to 4.75 percent of total salary:

	Basic Program	Coordinated Program
Before January 1, 2002	8.75	4.75
Effective January 1, 2002	9.10	5.10

(b) These contributions must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution must be based on the total salary received from all sources.

Sec. 14. Minnesota Statutes 2000, section 353.27, subdivision 3, is amended to read:

Subd. 3. EMPLOYER CONTRIBUTION. (a) The employer contribution is an the following applicable percentage of total salary amount equal to the employee contribution under subdivision 2:

New language is indicated by underline, deletions by strikeout.

	<u>Basic Program</u>	<u>Coordinated Program</u>
<u>Before January 1, 2002</u>	<u>8.75</u>	<u>4.75</u>
<u>Effective January 1, 2002</u>	<u>9.10</u>	<u>5.10</u>

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 15. Minnesota Statutes 2000, section 353.27, subdivision 4, is amended to read:

Subd. 4. **EMPLOYER REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.** (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each employee who qualifies for membership under this chapter and remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 14 calendar days. The head of each department or the person's designee shall for each pay period submit to the association a salary deduction report in the format prescribed by the executive director. Data to be submitted as part of salary deduction reporting must include, but are not limited to:

- (1) the legal names and social security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;
- (3) the amount of salary from which each deduction was made;
- (4) the beginning and ending dates of the payroll period covered and the date of actual payment; and
- (5) adjustments or corrections covering past pay periods; and
- (6) the number of compensated hours of each employee during the payroll period.

(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the format prescribed by the executive director. The required enrollment data on new employees must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(c) Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.

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

Sec. 16. Minnesota Statutes 2000, section 353.27, subdivision 11, is amended to read:

Subd. 11. **EMPLOYERS; REQUIRED TO FURNISH REQUESTED INFORMATION.** All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including but not limited to payroll abstracts pertaining to all past and present employees, as may be requested by the association or its executive director, including schedules of salaries applicable to various categories of employment, and the number of actual or estimated compensated hours for employees. In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the association or its executive director. Should the association receive such schedules of estimated earnings, the executive director is hereby authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the retirement fund. If estimates are not furnished by the employer pursuant to the request of the association or its executive director, the association may estimate the obligations of the employee and employer to the retirement fund based upon such records as are in its possession. Where payroll abstracts have been lost or destroyed, the governmental agency need not furnish any information pertaining to employment prior to July 1, 1963. The association shall make no estimate of any obligation of any employee, former employee, or employer covering employment prior to July 1, 1963.

Sec. 17. Minnesota Statutes 2000, section 353.86, subdivision 1, is amended to read:

Subdivision 1. **PARTICIPATION.** Volunteer ambulance service personnel, as defined in section 353.01, subdivision 35, who are or become members of and participants in the public employees retirement fund or the public employees police and fire fund before July 1, 2002, and make contributions to either of those funds based on compensation for service other than volunteer ambulance service may elect to participate in that same fund with respect to compensation received for volunteer ambulance service, provided that the volunteer ambulance service is not credited to another public or private pension plan including the public employees retirement plan established by chapter 353D and provided further that the volunteer ambulance service is rendered for the same governmental unit for which the nonvolunteer ambulance service is rendered.

Sec. 18. Minnesota Statutes 2000, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. **AMORTIZATION CONTRIBUTIONS.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded

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

actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund and the public employees retirement association general plan, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund and the public employees retirement association general plan, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, 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 in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

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

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the public employees retirement association general plan, the established date for full funding is June 30, 2031.

(f) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Sec. 19. IMPLEMENTATION PLAN; MAJOR STATEWIDE RETIREMENT SYSTEM ADMINISTRATIVE SERVICES CONSOLIDATION.

(a) Based on the July 15, 2001, report required under Laws 1999, chapter 222, article 22, section 5, the executive directors of the Minnesota state retirement system,

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

the public employees retirement association, and the teachers retirement association jointly shall prepare a report detailing the implementation steps that would be necessary to consolidate the administrations of the three systems into a single administrative structure if the legislature subsequently determines that such a consolidation would be in the best interests of the state, its taxpayers, and its public employees.

(b) The report must include the draft proposed legislation that would be required to effect an administrative consolidation as well as a detailed schedule and timetable of the completion steps for a consolidation.

(c) The report must be filed by February 15, 2003, with the chair of the legislative commission on pensions and retirement, the chair of the senate committee on state and local government operations, and the chair of the house committee on government operations and veterans affairs policy.

Sec. 20. IMPLEMENTATION PLAN; AGGREGATION OF TEACHER RETIREMENT PLANS.

(a) The executive director of the teachers retirement association, the secretary of the Duluth teachers retirement fund association, the executive director of the Minneapolis teachers retirement fund association, and the secretary of the St. Paul teachers retirement fund association jointly shall prepare a report detailing the steps that would be necessary to create a restructured teacher retirement plan if the legislature subsequently determines that this restructuring would be in the best interests of the state, its taxpayers, and the public education community.

(b) In preparing the report, the pension plan administrators must establish and consult with a task force. The task force must consist of representatives of the affected employing units and representatives of the collective bargaining organizations representing members of the affected pension plans.

(c) The report must include the draft proposed legislation that would be required to create a restructured teacher retirement plan as well as a detailed schedule and timetable of the completion steps for the creation of a restructured teacher retirement plan.

(d) The report must be filed by February 15, 2002, with the chair of the legislative commission on pensions and retirement, the chair of the senate committee on state and local government operations, and the chair of the house committee on government operations and veterans affairs policy.

Sec. 21. PERA-GENERAL FINANCING STUDY.

The report prepared by the consulting actuary retained by the legislative commission on pensions and retirement under Minnesota Statutes, section 3.85, subdivision 11, paragraph (d), following the completion of the July 1, 2001, actuarial valuations must include a specific finding on the adequacy of the financial support rates of the general employees retirement plan of the public employees retirement

New language is indicated by underline, deletions by strikeout.

association and a specific recommendation on any needed increase in those financial support rates.

Sec. 22. EFFECTIVE DATE.

(a) Section 4, as it relates to the exclusion of school district employees, is effective June 30, 2001.

(b) Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, and 17 are effective July 1, 2002.

(c) Section 18 is effective for actuarial valuations prepared after June 1, 2001.

(d) Sections 12, 13, 14, 15, and 16 are effective July 1, 2001.

(e) Sections 19, 20, and 21 are effective the day following final enactment.

ARTICLE 12

**MINNESOTA STATE COLLEGES AND
UNIVERSITIES SYSTEM RETIREMENT PROVISIONS**

Section 1. Minnesota Statutes 2000, section 354.41, subdivision 4, is amended to read:

Subd. 4. MEMBERSHIP ELIGIBILITY FOR LABOR ORGANIZATION EMPLOYEES. (a) A person who is a member on an authorized leave of absence and is employed as an employee or officer by the Minnesota federation of teachers or its affiliated branches within the state, ~~the Minnesota education association, the Minnesota association of school principals, the Minnesota association of secondary school principals or the Minnesota~~ a labor organization that is the exclusive bargaining agent or the labor organization's state affiliate representing teachers covered by this chapter or by an association of school administrators may elect to be a coordinated member of the association based on that employment, subject to the limitations set forth in subdivisions 4a and 4b. However, no person is entitled to membership under this section if the person also is a member of a teachers retirement association in a city of the first class organized under chapter 354A for the same period of service.

(b) The election must be made within 90 days of commencing employment by the labor organization.

Sec. 2. [354B.32] TRANSFER OF FUNDS TO IRAP.

A participant in the individual retirement account plan established in this chapter who has less than ten years of allowable service under the teachers retirement association or the teachers retirement fund association may elect to transfer an amount equal to the participant's accumulated member contributions to the teachers retirement association or the teachers retirement fund association, plus compound interest at the rate of six percent per annum, to the individual retirement account plan. The transfers

New language is indicated by underline, deletions by strikeout.

are irrevocable fund to fund transfers, and in no event may the participant receive direct payment of the money transferred prior to retirement. If a participant elects the contribution transfer, all of the participant's allowable and formula service credit in the teachers retirement association or the teachers retirement fund association associated with the transferred amount is forfeited.

The executive director of the teachers retirement association and the chief administrative officers of the teachers retirement fund associations, in cooperation with the chancellor of the Minnesota state colleges and universities system, shall notify participants who are eligible to transfer of their right to transfer and the amount that they are eligible to transfer, and shall, upon request, provide forms to implement the transfer. The chancellor of the Minnesota state colleges and universities system shall assist the teachers retirement association and the teachers retirement fund associations in developing transfer forms and in implementing the transfers.

Authority to elect a transfer under this section expires on July 1, 2004.

Sec. 3. REPEALER.

Minnesota Statutes 2000, section 354.41, subdivision 9, is repealed.

Sec. 4. EFFECTIVE DATE.

(a) Sections 1 to 3 are effective the day following final enactment.

(b) Coverage under section 1 applies to employment as an officer of the interfaculty organization on or after July 1, 1996.

ARTICLE 13

CLOSED CHARTER SCHOOL RETIREMENT CONTRIBUTIONS

Section 1. STUDY BY THE LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT.

(a) The legislative commission on pensions and retirement shall study and recommend the appropriate mechanism for recovering unpaid member and employer retirement plan contributions from charter schools that cease operations.

(b) The report must include the draft proposed legislation that would be required to implement the mechanism recommended by the commission.

(c) The report must be filed by February 15, 2002, with the chairs of the senate committees on state and local government operations and education and with the chairs of the house committees on governmental operations and veterans affairs policy and education.

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

Sec. 2. EFFECTIVE DATE.

Section 1 is effective the day following final enactment.

ARTICLE 14**LOCAL POLICE AND PAID FIRE PENSION PLANS**

Section 1. Minnesota Statutes 2000, section 423B.05, is amended by adding a subdivision to read:

Subd. 4. **RIGHT TO PARTICIPATE BY MAIL-IN BALLOT.** Active members, retired members, and surviving spouse members of the relief association have the right to participate in the election of board members of the association by mail-in ballot.

Sec. 2. Minnesota Statutes 2000, section 423B.05, is amended by adding a subdivision to read:

Subd. 5. **MAIL-IN REFERENDUM ON VOTING BY MAIL.** (a) The board of the association is authorized to submit the following question in a binding member referendum to be conducted by mail:

“Shall the bylaws of the Minneapolis police relief association be amended to allow future proposed amendments to the bylaws of the relief association to be approved by a vote of relief association members by mail?

Yes
No”

(b) The board of the relief association shall conduct the referendum by mailing a printed copy of the referendum question and of the ballot to all active members, retired members, and surviving spouse members in accordance with the voting procedures that the board of the relief association used in the most recent board election prior to March 1, 2001.

(c) Before submitting the referendum question to a vote by the relief association membership, the relief association board shall solicit the opinions of relief association members for the question and against the question. The solicitation for member comments must be included in the next regular relief association communication to relief association members following the proposal of the bylaw amendment and on the Web site of the relief association. The comment period continues for 30 days. The executive director of the relief association shall prepare a summary of the comments of relief association members for and against the question in a fair and impartial manner. A draft of the summary document must be placed on the Web site of the relief association for five days. If a relief association board member challenges the

New language is indicated by underline, deletions by strikeout.

objectivity of the draft summary, the draft summary must be reviewed by a neutral third party. The neutral third party must be an accredited professional mediator. The relief association executive director shall include the recommendations of the neutral third party in the final summary document. The written summary prepared by the relief association executive director must be included with the question and the ballot mailed to relief association members.

(d) Balloting procedures must be designed to maintain secrecy as to the identity of voting members. The receipt of returned ballots and the counting of those ballots must be conducted by an accounting firm designated by the relief association board to perform those functions.

(e) For adoption, the question must receive favorable votes from two-thirds of the relief association members who return ballots on the question.

(f) If the question in paragraph (a) is approved in the referendum, future bylaw amendments must be conducted in the same manner as provided in this subdivision.

Sec. 3. EVELETH RETIRED POLICE AND FIRE TRUST FUND; AD HOC POSTRETIREMENT ADJUSTMENT.

In addition to the current pensions and other retirement benefits payable, the pensions and retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund are increased by \$100 per month. Increases are retroactive to January 1, 2001.

Sec. 4. EFFECTIVE DATE.

(a) Sections 1 and 2 are effective on the day following final enactment.

(b) If the referendum question in section 2 is approved, no proposed bylaw amendment may be submitted for membership approval by mail until January 1, 2002.

(c) Section 3 is effective on the day after the date on which the Eveleth city council and the chief clerical officer of the city of Eveleth complete in a timely manner their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 15

MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION BENEFIT PLAN CODIFICATION AND REVISION

Section 1. [423C.01] MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION; DEFINITIONS.

Subdivision 1. TERMS. For purposes of this chapter, unless the context clearly indicates otherwise, the terms defined in this section have the meanings given them.

New language is indicated by underline, deletions by strikeout.

Subd. 2. **ACTIVE MEMBER.** "Active member" means a person who was hired and duly appointed by the city of Minneapolis before June 15, 1980, as a firefighter who is regularly entered on the fire department payroll and who serves on active duty.

Subd. 3. **ACTIVE MEMBER PERCENTAGE.** "Active member percentage" means the total number of units accrued by active members divided by the sum of the total number of units to which eligible members are entitled and active members have accrued.

Subd. 4. **ACTUARIAL EQUIVALENT OR ACTUARIALLY EQUIVALENT.** "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board based on the experience of the special fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Subd. 5. **AGE.** "Age" means a person's age at the person's latest birthday.

Subd. 6. **ANNUAL POSTRETIREMENT ADJUSTMENT.** "Annual postretirement adjustment" means the payment of a lump-sum, postretirement benefit pursuant to section 423C.06, subdivision 1, to an eligible member on June 1 following the determination date in any year.

Subd. 7. **ASSOCIATION.** "Association" means the Minneapolis firefighters relief association.

Subd. 8. **BOARD.** "Board" means the board established in section 423C.03 to govern the association.

Subd. 9. **CITY.** "City" means the city of Minneapolis.

Subd. 10. **DEFERRED MEMBER.** "Deferred member" means a person who served on active duty and was regularly entered on the fire department payroll and separated from active service prior to attaining 50 years of age and is entitled to receive a service pension upon reaching age 50 under the law existing at the time the member separated from active service for at least five years.

Subd. 11. **DEPENDENT.** "Dependent" means:

(1) a biological or adopted child of a deceased, active, or retired member who is unmarried and under the age of 18;

(2) a biological or adopted child of a deceased, active, or retired member who is between the ages of 18 and 22 and is enrolled full time at an accredited educational institution approved by the board; or

(3) a biological child of an active or retired member conceived during the active or retired member's lifetime and born after the active or retired member's death.

New language is indicated by underline, deletions by strikeout.

Subd. 12. **DETERMINATION DATE.** "Determination date" means December 31 of each year.

Subd. 13. **DISABILITY.** "Disability" has the meaning specified in the bylaws of the relief association on April 1, 2001.

Subd. 14. **DISCHARGE.** "Discharge" means a complete separation from and termination of active service as a member of the fire department.

Subd. 15. **ELIGIBLE MEMBER.** "Eligible member" means:

(1) for purposes of section 423C.06, subdivision 1, a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date. A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment; and

(2) for purposes of section 423C.06, subdivision 4, a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 16. **ENROLLED FULL TIME.** "Enrolled full time" means the situation of an individual who is in full-time attendance as a student at an educational institution, as determined by the board of trustees of the relief association in light of the standards and practices of the school involved. A person who is paid by the person's employer while attending school at the request of that employer may not be considered to be a full-time student. A person may be considered a full-time student during a period of up to four months of nonattendance during any 12-month period if the person shows to the satisfaction of the board of trustees that the person intends to continue in full-time school attendance immediately upon the conclusion of the nonattendance period.

Subd. 17. **EXCESS INVESTMENT INCOME.** "Excess investment income" means the amount, if any, by which the time-weighted total rate of return earned by the special fund in the prior five fiscal years has exceeded the actual percentage increase in the current monthly salary of a first grade firefighter in the most recent fiscal year plus two percent. The excess investment income must be expressed as a dollar amount and may not exceed one percent of the total assets of the special fund except when the actuarial value of assets of the special fund, according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216, is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1.5 percent of the assets of the special fund.

Subd. 18. **FIRE DEPARTMENT.** "Fire department" means the Minneapolis fire department.

Subd. 19. **FUND.** "Fund" means the special fund of the relief association.

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

Subd. 20. **NET EXCESS ASSET AMOUNT PAYMENT.** "Net excess asset amount payment" means the payment of an additional postretirement payment under section 423C.06, subdivision 4, to an eligible member on June 1 following the determination date in the given year.

Subd. 21. **NET TOTAL EXCESS ASSET AMOUNT.** "Net total excess asset amount" means the total excess asset amount stated in dollars and multiplied by one minus the active member percentage.

Subd. 22. **PERIOD OF SERVICE.** "Period of service" means:

(1) any service rendered by a firefighter for any calendar month when the member receives salary from which deductions are made, deposited, and credited to the special fund. Leaves of absence of more than 90 days, except those granted because of disability due to sickness or accident or to enable a member to accept an appointive position in the fire department, shall be excluded in computing a member's period of service;

(2) any period in which the member, after entering the fire department, leaves to enter the military forces of the United States in a time of war or national emergency and subsequently receives an honorable discharge from the military or leaves to render fire prevention services to the United States government in a time of war or national emergency, provided the member who serves either applies for reinstatement in or resumes active duty in the fire department within six months. During any period of military or fire prevention service, the individual shall not be considered an active member. Any period of service a member qualifies for under this clause is limited as follows:

(i) credit shall be granted for service rendered subsequent to July 1, 1961, but the credit shall not exceed six calendar years;

(ii) no credit shall be granted for service rendered subsequent to July 1, 1961, if the period of service rendered prior to July 1, 1961, equals or exceeds six calendar years; and

(iii) if the period of service prior to July 1, 1961, is less than six calendar years, credit for service subsequent to July 1, 1961, shall be added to the prior service, but in no case shall total service credit exceed six calendar years.

Subd. 23. **RETIRED MEMBER.** "Retired member" means a former active member who has terminated active service with the fire department and is entitled to receive a pension or benefit under this chapter or any predecessor law.

Subd. 24. **RELIEF ASSOCIATION.** "Relief association" means the Minneapolis firefighters relief association.

Subd. 25. **SURVIVING SPOUSE MEMBER.** "Surviving spouse member" means a person who was:

(1) legally married to, and residing with, an active, deferred, or retired member both during the time the member was regularly entered on the payroll and serving on

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

active duty in the fire department and at the time of the member's death;

(2) not in a common law marriage; and

(3) in the event the person was married to a retired or deferred member, married to that retired or deferred member for at least two years prior to the member's discharge from the fire department.

Subd. 26. TIME-WEIGHTED TOTAL RATE OF RETURN. "Time-weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 27. TOTAL EXCESS ASSET AMOUNT. (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the special fund's market value of assets after any deductions required by section 423C.06, subdivision 3, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423C.06, subdivision 3, equals or exceeds 110 percent.

Subd. 28. UNIT. "Unit" means 1/80 of the maximum monthly salary of a first grade firefighter on the first day of the month in which the pension benefits provided by this chapter are paid.

Sec. 2. [423C.02] MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION.

Subdivision 1. CREATION. The active and retired members of the fire department and their surviving spouses shall maintain the association. The association shall be duly incorporated under chapter 317A. The corporation shall have perpetual corporate existence. The association shall create, maintain, and administer those funds and accounts as set forth in section 423C.04 for the benefit of its members, surviving spouses, and dependents. The sources of revenue for each fund and account are governed by section 423C.04. The authorized disbursements from each fund and account are governed by sections 423C.04, 423C.05, and 423C.06.

Subd. 2. MEMBERSHIP. Active members, deferred members, retired members, and surviving spouse members as defined in section 423C.01 are members of the association.

Subd. 3. MANAGEMENT OF ASSOCIATION. The board created in section 423C.03 shall manage, control, and operate the association, including the funds and accounts set forth in section 423C.04, according to this chapter, other applicable law, and the association's articles of incorporation and its bylaws. Notwithstanding section 423A.01, subdivision 2, or any other law to the contrary, the board shall continue to govern the association until there are fewer than 100 members receiving benefits under

New language is indicated by underline, deletions by strikeout.

this chapter. Thereafter, the special fund shall become a trust fund according to section 423A.01, subdivision 2.

Subd. 4. DISPOSITION OF ASSETS UPON CONCLUSION OF BENEFIT PAYMENTS. Upon the death of the last benefit recipient and the certification by the chief administrative officer of the city to the state auditor of the absence of any remaining person entitled to a benefit under this chapter, all assets of the association or trust fund, whichever applies, shall revert to the city. The city shall only use these assets for firefighting expenditure purposes.

Sec. 3. [423C.03] BOARD MEMBERSHIP; ELECTIONS; DUTIES; COMPENSATION; BOND; MEETINGS; POWERS.

Subdivision 1. BOARD COMPOSITION AND ELECTIONS. The board shall consist of two persons appointed by the city and ten other members selected by the members. Elections for active and retired positions on the board shall be conducted pursuant to the association's bylaws.

Subd. 2. BOARD OFFICERS. The officers of the association shall consist of a president, one or more vice-presidents, an executive secretary, a treasurer, an assistant executive secretary, and an assistant treasurer. Only elected members of the board are eligible to be officers. Officers shall have those duties and responsibilities as set forth in this chapter, other applicable law, and the association's bylaws. Officers shall be compensated as provided in subdivision 3. All officers shall be elected in even years at the association's annual meeting. Officers shall hold their office for a term of two years unless they are removed from the board before their two-year term expires.

Subd. 3. COMPENSATION OF OFFICERS AND BOARD MEMBERS. Notwithstanding any other law to the contrary, the association may provide for payment of the following salaries to its officers and board members:

(1) the executive secretary may receive a salary not exceeding 30 percent of the maximum salary of a first grade firefighter;

(2) the president may receive a salary not exceeding ten percent of the maximum salary of a first grade firefighter; and

(3) all other elected members of the board may receive a salary not exceeding 2.5 percent of the maximum salary of a first grade firefighter.

Subd. 4. BOND FOR EXECUTIVE SECRETARY AND TREASURER. (a) The executive secretary and the treasurer must furnish to the relief association a corporate bond for the faithful performance of the duties of that office in an amount as the board of trustees from time to time may determine, subject to the minimum amount specified in section 69.051, subdivision 2.

(b) The relief association must pay the premiums on these bonds from the general fund of the relief association.

Subd. 5. MEETINGS. Each December, the board shall hold an annual meeting. All other meetings of the board shall be held as provided in the association's articles

New language is indicated by underline, deletions by strikeout.

or bylaws. Board members may participate in a board meeting by any means of communication through which the trustee, other board members participating, and all other board members physically present at the meeting may simultaneously hear each other during the meeting. Participating in a meeting by these means is the same thing as being physically present at the meeting.

Subd. 6. ADDITIONAL BOARD POWERS. In addition to the powers granted the board by this chapter, chapter 317A, other applicable state and federal law, and its articles and bylaws, the board shall authorize and create a board of examiners.

The board of examiners shall investigate and report on all applications for disability pensions and make recommendations as to the amount to be paid to each applicant; investigate and report on all disability pensioners and make recommendations as to the amount of pension to be paid to them, from year to year; and investigate and report on all applications for service pensions and claims for relief. This board shall consist of a competent physician selected by the association and at least three members of the relief association on active duty with the fire department.

Sec. 4. [423C.04] ASSOCIATION FUNDS AND ACCOUNTS.

Subdivision 1. DUTIES. The association shall create, maintain, and administer the funds and accounts in this section. The sources of revenue and authorized disbursements of each fund and account are governed by this section.

Subd. 2. SPECIAL FUND; PURPOSE AND SOURCES OF REVENUE. (a) The special fund may only be used to pay for defined and contingent benefits as set forth in sections 423C.05 and 423C.06; compensation for officers and board members as set forth in section 423C.03, subdivision 3; expenses of officers and employees of the association in connection with the protection of the special fund; and expenses of operating, administering, and maintaining the association as authorized by this chapter, section 69.80, or other applicable law.

(b) The special fund is derived from the following sources:

(1) receipts from the state, including, but not limited to, any fire state aid, any fire insurance premium surcharge amount, or any additional amortization state aid;

(2) all money derived from taxation by the city under section 69.77 for the support of the association and for the payment of benefits set forth in sections 423C.05 and 423C.06;

(3) an amount equal to the minimum percentage specified in section 69.77, subdivision 2a, of the salary of a first grade firefighter deducted from the monthly salary of each active member; and

(4) the proceeds of the investment of special fund assets.

Subd. 3. GENERAL FUND. The general fund is separate and distinct from the special fund. The general fund may, consistent with applicable law, be expended for those purposes deemed appropriate by the relief association. The city finance officer

New language is indicated by underline, deletions by strikeout.

shall deduct from each active member's biweekly payroll check a sum equal to one-half of one percent of the maximum biweekly salary of a first grade firefighter. This sum shall be forwarded to the association's treasurer and deposited in the general fund. The general fund shall also consist of receipts from private sources, such as gifts, charges, fundraising projects, and dues paid by members; investment of, earnings on, and interest of the general fund; and all other sources. Money received from other sources may also be deposited in the general fund.

Subd. 4. **HEALTH INSURANCE ACCOUNTS.** Notwithstanding any law to the contrary, contributions of active members of the association with at least 25 years of service made after the 25th year of service must be deposited in a separate account and used to pay health care costs of the individual member upon retirement. The board shall adopt rules regarding the frequency and amounts of distributions from these accounts. A member with an account established pursuant to this section is entitled, upon retirement or disability, to receive periodic distributions from the account, in the amount and with the frequency specified by the retiring member consistent with the board's rules.

Sec. 5. [423C.05] DEFINED BENEFITS.

Subdivision 1. **DUTIES.** The association is authorized to and shall pay the benefits in this section to its members in accordance with this section. All benefits authorized in this section shall be paid from the association's special fund.

Subd. 2. **SERVICE PENSION.** (a) An active member who has performed duty for the fire department for five years or more, upon written application after retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a service pension under paragraph (b).

(b) Based on the percentage that the actuarial value of assets of the special fund equal to the actuarial accrued liabilities of the special fund according to the most recent annual actuarial valuation of the relief association prepared in accordance with sections 356.215 and 356.216, the amount of the service pension is as follows:

<u>Length of allowable service credit</u>	<u>Service pension payable if under 90 percent</u>	<u>Service pension payable if greater than 89.99 percent and less than 92.5 percent</u>	<u>Service pension payable if greater than 92.49 percent</u>
<u>5 years</u>	-	<u>8.0 units</u>	<u>8.0 units</u>
<u>6 years</u>	-	<u>9.6 units</u>	<u>9.6 units</u>
<u>7 years</u>	-	<u>11.2 units</u>	<u>11.2 units</u>
<u>8 years</u>	-	<u>12.8 units</u>	<u>12.8 units</u>
<u>9 years</u>	-	<u>14.4 units</u>	<u>14.4 units</u>

New language is indicated by underline, deletions by strikeout.

10 years	16.0 units	16.0 units	16.0 units
11 years	17.6 units	17.6 units	17.6 units
12 years	19.2 units	19.2 units	19.2 units
13 years	20.8 units	20.8 units	20.8 units
14 years	22.4 units	22.4 units	22.4 units
15 years	24.0 units	24.0 units	24.0 units
16 years	25.6 units	25.6 units	25.6 units
17 years	27.2 units	27.2 units	27.2 units
18 years	28.8 units	28.8 units	28.8 units
19 years	30.4 units	30.4 units	30.4 units
20 years	33.0 units	33.5 units	34.0 units
21 years	34.6 units	35.1 units	35.6 units
22 years	36.2 units	37.7 units	37.2 units
23 years	37.8 units	38.3 units	38.8 units
24 years	39.4 units	39.9 units	40.4 units
25 years			
or more	41.0 units	41.5 units	42.0 units

(c) A member entitled to a benefit under this subdivision may elect to have it paid as an optional retirement annuity pursuant to the conditions set forth in subdivision 8. A member receiving a benefit pursuant to subdivision 5 or 6 shall not simultaneously be entitled to a benefit under this subdivision.

Subd. 3. CALCULATION OF SERVICE PENSION FOR DEFERRED MEMBERS. An association member who has performed services for the fire department for five years or more but has not reached the age of 50 years shall be eligible to retire from the department, without forfeiting service pension rights. The member shall, upon application, be placed on the association's deferred pension roll. The association shall, upon board approval, pay the pension of any member on the deferred pension roll who has attained 50 years of age from the date the application is approved. The pension shall be paid in accordance with the schedule in subdivision 2. Any person making this application waives all other rights, claims, or demands against the association for any cause that may have arisen from or that may be attributable to the person's service in the fire department. A member entitled to a benefit under this subdivision may elect to have the benefit paid as an optional retirement annuity pursuant to the conditions set forth in subdivision 7.

Subd. 4. TEMPORARY DISABILITY PENSION. An active member who, by sickness or accident, becomes temporarily disabled from performing firefighter duties for the fire department shall be entitled to a temporary disability pension. No allowance for disability shall be made unless notice of the disability and an application for benefits is made by or on behalf of the disabled member within 90 days after the beginning of the disability. This application shall include a certificate from a qualified medical professional setting forth the cause, nature, and extent of the disability. This certificate must also conclude that the disability was incurred or sustained while the member was in the service of the fire department. The board shall utilize the board of

New language is indicated by underline, deletions by strikethrough.

examiners established pursuant to section 423C.03, subdivision 6, to investigate and report on an application for benefits pursuant to this section and make recommendations as to eligibility and the benefit amount to be paid. A member entitled to a disability pension shall receive benefits in the amount and manner determined by the board.

Subd. 5. SERVICE-RELATED PERMANENT DISABILITY PENSION. An active member who becomes permanently disabled as the result of a service-related disease or injury shall, upon application and approval of the board, be entitled to a pension of 42 units or in the amount determined under subdivision 8. The application for service-related permanent disability shall include a certificate from a qualified medical professional setting forth the permanent nature of the disability or disease and that it was service related. The board shall utilize the board of examiners established pursuant to section 423C.03, subdivision 6, to investigate and make recommendations on an application for a pension pursuant to this subdivision.

Subd. 6. NON-SERVICE-RELATED PERMANENT DISABILITY PENSION. An active member who, by sickness or accident, becomes permanently disabled from performing firefighter duties for the fire department shall be entitled to a permanent disability pension. No allowance for disability shall be made unless notice of the disability and an application for benefits is made by or on behalf of the disabled member within 90 days after the beginning of the disability. This application shall include a certificate from a qualified medical professional setting forth the cause, nature, and extent of the disability. The board shall utilize the board of examiners established pursuant to section 423C.03, subdivision 6, to investigate and report on an application for benefits pursuant to this section and make recommendations as to eligibility and the benefit amount to be paid. A member entitled to a disability pension shall receive benefits in the amount and manner determined by the board, not to exceed 41 units.

Subd. 7. SURVIVING SPOUSE AND DEPENDENT PENSIONS. Notwithstanding any other law to the contrary, when a service pensioner, disability pensioner, deferred pensioner, or active member of the association dies, recipient beneficiaries are entitled to a pension or pensions, as follows:

(1) to a surviving spouse, a pension of 22 units per month;

(2) a surviving spouse of a deceased service pensioner, disability pensioner, or deferred pensioner who is otherwise not qualified for a pension may receive a benefit if the surviving spouse was legally married to the decedent for a period of two years and was residing with the decedent at the time of death. The surviving spouse benefit provided in this clause is the same as that provided to those who meet the definition of surviving spouse under section 423C.01, subdivision 25, except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same or greater age than the member's age prior to retirement. A benefit paid in this circumstance may be less than

New language is indicated by underline, deletions by strikeout.

17 units notwithstanding the minimum set out in this clause;

(3) to each dependent, if the dependent's other parent is living, a pension not to exceed eight units per month. Dependents between the ages of 18 and 22 may continue to receive a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance with section 423C.01, subdivision 11;

(4) each dependent of a deceased member after the death of the dependent's other parent, or in the event the other parent predeceases the member, is entitled to receive a pension in the amount the board deems necessary to properly support each dependent until the dependent reaches the age of not less than 16 and not more than 18 years. Dependents between the ages of 18 and 22 may be entitled to continue receiving a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance; and

(5) the total pension payable to a surviving spouse and all dependents of a deceased member shall in no event exceed 41 units per month.

Subd. 8. OPTIONAL RETIREMENT ANNUITY ELECTION. A member of the association who retires under subdivision 2 or becomes disabled under subdivision 6 may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, 75 percent, or 100 percent joint survivor annuity without reinstatement in the event the designated beneficiary predeceases the member or a joint and survivor annuity with reinstatement in the event the member predeceases the designated beneficiary. An optional retirement annuity must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retired member and the member's beneficiaries. Once selected, the optional annuity is irrevocable.

Subd. 9. ALTERNATIVE SERVICE PENSION FOR UNMARRIED MEMBER. A retired member who is not legally married on September 1, 1997, and remains unmarried on the effective date of this article may select a service pension of 42.3 units in lieu of a service pension under subdivision 2.

Sec. 6. [423C.06] INVESTMENT-RELATED POSTRETIREMENT ADJUSTMENTS.

Subdivision 1. ANNUAL ADJUSTMENTS. Notwithstanding the provisions of chapter 69, or any other law to the contrary, the association may provide annual postretirement payments to eligible members under this section. No provision of or payment made under this section may be interpreted or relied upon by any member of the association to guarantee or entitle a member to annual postretirement adjustments

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

for any period when the requirements in this section have not been met.

Subd. 2. ACTUARIAL ASSETS OF SPECIAL FUND LESS THAN 102 PERCENT. (a) When the actuarial assets of the special fund in any year are less than 102 percent of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, investment-related postretirement adjustments shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if there is excess investment income.

(b) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The dollar amount of excess investment income up to one percent of the assets of the special fund must be applied for the purpose specified in paragraph (c). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under this section and sections 69.77, 356.215, and 356.216, except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under this section and sections 69.77, 356.215, and 356.216.

(c) The amount determined under paragraph (b) must be applied as follows: the association shall apply the first one-half of one percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members and the second one-half of one percent of assets which constitute excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due the association under section 423A.02 for the current calendar year. The amounts of all payments to eligible members shall not exceed one-half of one percent of the assets of the fund. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. If this amount exceeds the total monthly benefit that the eligible member was entitled to in the prior year under the terms of this chapter, the association shall pay the eligible member the lesser amount. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 3. ACTUARIAL ASSETS OF SPECIAL FUND 102 PERCENT OR MORE. (a) When the actuarial assets of the special fund in any year are 102 percent or more of its accrued liabilities according to the most recent annual actuarial valuation

New language is indicated by underline, deletions by strikeout.

of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may only be made if there is excess investment income.

(b) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The dollar amount of excess investment income up to 1-1/2 percent of the assets of the fund must be applied for the purpose specified in paragraph (c). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under this section and sections 69.77, 356.215, and 356.216, except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under this section and sections 69.77, 356.215, and 356.216.

(c) The amount determined under paragraph (b) must be applied as follows: the association shall apply the 1-1/2 percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 4. ACTUARIAL ASSETS OF SPECIAL FUND 110 PERCENT OR MORE. (a) When the actuarial assets of the special fund in any year are 110 percent or more of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if a total excess asset amount exists.

(b) The board shall determine by May 1 of each year whether the special fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total asset amount shall be determined. The executive secretary shall report the total excess asset amount and net total excess asset amount to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this subdivision shall

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

not be considered income to or assets of the special fund for actuarial valuations of the special fund for that year under sections 69.77, 356.215, and 356.216 and Laws 2000, chapter 461, except to offset the amount distributed.

(c) Twenty percent of the net total excess asset amount determined under paragraph (b) is available for excess asset amount payments under paragraph (d).

(d) Except as limited under paragraph (e), the net excess asset amount payment to an eligible member is equal to the amount determined under paragraph (c) multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

(e) A member who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment pursuant to paragraph (d). A member who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies before the determination date and before the excess asset amount payment commences, the association shall pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the eligible member's estate.

(f) The excess asset amount payments determined under this subdivision commence on June 1 following the determination date. The board may disburse payments to eligible members in a lump sum, 12 monthly installments, or any other manner that the board determines.

Subd. 5. REPORT ON ANNUAL POSTRETIREMENT ADJUSTMENTS.

The executive secretary shall submit a report on the amount of all postretirement adjustments made under this section and the manner in which those payments were determined to the state auditor, the executive director of the legislative commission on pensions and retirement, and the city clerk.

Subd. 6. CITY TAX LEVY. If in any year after the actuarial value of special fund assets, according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216, is greater than 102 percent of the actuarial accrued liabilities of the special fund and subsequently the actuarial value of assets is less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216, the city of Minneapolis is not required to levy a property tax to fund any deficit unless the fund has two successive years when the actuarial value of assets is less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216.

Sec. 7. [423C.07] ACTUARIAL VALUATION DATE.

Notwithstanding section 69.77, subdivision 2h, 356.215, or 356.216, the annual actuarial valuation of the association must be completed by May 1 of each year.

Sec. 8. [423C.08] MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH.

New language is indicated by underline, deletions by strikeout.

If an active, deferred, or retired member of the association dies and no survivor benefit is payable, the designated beneficiary of the decedent or, if none, the legal representative of the estate of the decedent is entitled, upon application, to a refund. The refund shall be an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compounded rate of five percent from the first day of the month following the date of death of the decedent, reduced by the sum of any service pension or disability benefit previously paid by the fund to the decedent.

Sec. 9. [423C.09] PAYMENTS EXEMPT FROM PROCESS.

All payments made, or to be made, by the association under this chapter shall be totally exempt from garnishment, execution, or other legal process, except as provided in section 518.58, 518.581, or 518.6111. No person entitled to a payment shall have the right to assign the name, nor shall the association have authority to recognize any assignment or to pay any sum on account thereof. Any attempt to transfer any right or claim, or any part thereof, shall be void.

Sec. 10. [423C.10] LAW GOVERNING PENSIONS AND BENEFITS.

A service pension or other retirement benefit for or on behalf of a member of the Minneapolis firefighters relief association must be calculated under the laws, articles of incorporation, or relief association bylaws in effect on the day that the active member terminated active employment in the Minneapolis fire department as a firefighter.

Sec. 11. [423C.11] WORKERS' COMPENSATION ACT NOT AFFECTED.

This chapter shall not be construed as abridging, repealing, or amending the laws of this state relating to the provisions of the law commonly known as the Workers' Compensation Act.

Sec. 12. [423C.12] RIGHT TO REDUCE PENSIONS.

The relief association has the right and retains the right to reduce the amount of pensions and benefits paid from its special fund and to reduce and otherwise adjust those pensions and benefits. For any pension or benefit that was reduced, the relief association has the right and retains the right to increase or otherwise adjust these pensions or benefits within the limits of this chapter.

Sec. 13. [423C.13] FINANCE DIRECTOR TO FILE REPORT WITH THE REVENUE COMMISSIONER.

(a) On or before March 1 each year, the Minneapolis finance director shall file with the county auditor and the commissioner of revenue a certificate stating that the Minneapolis firefighters relief association exists and including any other information that the commissioner or auditor may require.

(b) The commissioner of revenue shall provide the Minneapolis finance director with the necessary documents for the city of Minneapolis and the Minneapolis firefighters relief association to carry out its duties and to receive the benefits of sections 69.011 to 69.051, 297L.05, and 297L.10.

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

Sec. 14. [423C.14] STATE AUDITOR TO EXAMINE BOOKS.

(a) The state auditor, annually, shall examine the books and accounts of the secretary and of the treasurer of the Minneapolis firefighters relief association.

(b) If the state auditor finds that any money in the special fund of the relief association was expended for purposes that were not authorized by this chapter, the state auditor shall report that to the governor, who shall then direct the commissioner of finance not to issue any further warrants to the relief association until the state auditor reports that the money which was unlawfully expended has been replaced. The governor additionally may take such further action as the emergency may demand.

Sec. 15. [423C.15] ACTUARIAL PROVISIONS.

Subdivision 1. CITY NORMAL COST CONTRIBUTION ADJUSTMENT. Notwithstanding sections 69.77, 356.215, and 356.216, or other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Subd. 2. SUSPENSION OF NORMAL COST CONTRIBUTIONS. Notwithstanding the provisions of section 69.77, or any other law to the contrary, if a total excess asset amount exists, as defined in section 423C.01, subdivision 27, paragraph (a), the city is not required to make a contribution to the fund for the normal cost of active members.

Subd. 3. AMORTIZATION TREATMENT. Notwithstanding section 69.77, subdivision 2b, 356.215, 356.216, or any other law to the contrary, if the actuarial report for the Minneapolis firefighters relief association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 4. LIMITATION. Notwithstanding subdivision 3, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 16. EFFECT ON ACCRUED BENEFITS AND BENEFITS PAYABLE.

(a) The legislature intends by this article to recodify the prior local laws applicable to the Minneapolis firefighters relief association.

(b) This article is not intended to increase or reduce the pensions or benefits currently payable to pension and benefit recipients of the Minneapolis firefighters relief association, except as provided in Minnesota Statutes, section 423C.05, subdivision 9.

New language is indicated by underline, deletions by strikeout.

All pensions and benefits payable from the Minneapolis firefighters relief association in force on the effective date of this section as reflected in the records of the relief association as of that date continue.

(c) This article is not intended to modify, impair, or diminish the pension or benefit entitlements accrued or service credited to active or deferred members of the Minneapolis firefighters relief association on the effective date of this article as reflected in the records of the relief association as of that date. If the secretary of the relief association determines that any provision of this article, except as provided in Minnesota Statutes, section 423C.05, subdivision 9, does function to modify, impair, or diminish the pension or benefit entitlements that had been accrued or service that had been credited to an active or deferred relief association member, the secretary shall certify that determination and a recommendation as to the required legislative correction, if any, to the chairs of the legislative commission on pensions and retirement, the house governmental operations committee, the senate governmental operations committee, and the executive director of the legislative commission on pensions and retirement.

Sec. 17. REPEALER.

(a) Laws 1907, chapter 24; Laws 1913, chapters 318 and 419; Laws 1917, chapter 196; Laws 1919, chapters 515 and 523; Laws 1921, chapter 404; Laws 1923, chapter 61; and Laws 1945, chapter 322, are repealed.

(b) Laws 1959, chapter 491, is repealed. Laws 1959, chapter 568, as amended by Extra Session Laws 1961, chapter 3, section 1; and Laws 1973, chapter 361, section 1, is repealed.

(c) Laws 1961, chapter 109, and Extra Session Laws 1961, chapter 3, are repealed. Laws 1963, chapter 318, as amended by Laws 1965, chapter 578, section 1; Laws 1967, chapter 824, section 1; and Laws 1969, chapter 287, sections 1 and 2, is repealed. Laws 1965, chapter 519, as amended by Laws 1967, chapter 819, section 1; Laws 1969, chapter 123, sections 1 and 2; Laws 1975, chapter 57, section 1; Laws 1977, chapter 164, section 2; Laws 1990, chapter 589, article 1, section 5; Laws 1992, chapter 454, sections 2 and 3; Laws 1994, chapter 591, article 1, section 1; Laws 1996, chapter 448, article 3, section 1; and Laws 1997, chapter 233, article 4, section 12, is repealed. Laws 1965, chapter 578, as amended by Laws 1967, chapter 824, section 1; and Laws 1969, chapter 287, section 1, is repealed. Laws 1967, chapter 819, as amended by Laws 1969, chapter 123, section 1; Laws 1975, chapter 57, section 1; Laws 1977, chapter 164, section 2; Laws 1990, chapter 589, article 1, section 5; Laws 1992, chapter 454, sections 2 and 3; Laws 1994, chapter 591, article 1, section 1; Laws 1996, chapter 448, article 3, section 1; and Laws 1997, chapter 233, article 4, section 12, is repealed. Laws 1967, chapter 824, as amended by Laws 1969, chapter 287, section 1, is repealed. Laws 1969, chapter 123, as amended by Laws 1975, chapter 57, section 1; Laws 1977, chapter 164, section 2; Laws 1990, chapter 589, article 1, section 5; Laws 1992, chapter 454, sections 2 and 3; Laws 1994, chapter 591, article 1, section 1; Laws 1996, chapter 448, article 3, section 1; and Laws 1997, chapter 233, article 4,

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

section 12, is repealed. Laws 1969, chapter 287, is repealed.

(d) Laws 1971, chapter 542, as amended by Laws 1993, chapter 125, article 1, section 1, is repealed. Laws 1975, chapter 57, as amended by Laws 1977, chapter 164, section 2; Laws 1990, chapter 589, article 1, section 5; Laws 1992, chapter 454, sections 2 and 3; Laws 1995, chapter 591, article 1, section 1; Laws 1996, chapter 448, article 3, section 1; and Laws 1997, chapter 233, article 4, section 12, is repealed. Laws 1977, chapter 164, section 2, as amended by Laws 1990, chapter 589, article 1, section 5; Laws 1992, chapter 454, sections 2 and 3; Laws 1994, chapter 591, article 1, section 1; Laws 1996, chapter 448, article 3, section 1; and Laws 1997, chapter 233, article 4, section 12, is repealed.

(e) Laws 1980, chapter 607, article XV, sections 8, as amended by Laws 1992, chapter 471, article 2, section 2; 9, as amended by Laws 1987, chapter 322, section 6; Laws 1987, chapter 372, article 2, section 5; Laws 1992, chapter 471, article 2, section 2; and Laws 1993, chapter 125, article 1, section 1; and 10, as amended by Laws 1992, chapter 471, article 2, section 3, is repealed. Laws 1988, chapters 572, section 4; and 574, section 3, are repealed. Laws 1989, chapter 319, article 19, sections 6, as amended by Laws 1992, chapter 471, article 2, section 4; and 7, as amended by Laws 1990, chapter 570, article 12, section 63; Laws 1992, chapter 471, article 2, sections 5 and 6; Laws 1996, chapter 438, article 4, sections 12 and 13; and Laws 1997, chapter 233, article 4, sections 13 to 16, is repealed.

(f) Laws 1990, chapter 589, article 1, sections 5, as amended by Laws 1996, chapter 448, article 3, section 1; and Laws 1997, chapter 233, article 4, section 12; and 6, as amended by Laws 1992, chapter 471, article 2, section 7, is repealed. Laws 1992, chapter 429, is repealed. Laws 1992, chapter 454, section 2, as amended by Laws 1994, chapter 591, article 1, section 1; Laws 1996, chapter 448, article 3, section 1; and Laws 1997, chapter 233, article 4, section 12, is repealed. Laws 1992, chapter 471, article 2, as amended by Laws 1996, chapter 438, article 4, sections 12 and 13; and Laws 1997, chapter 233, article 4, sections 13 and 15, is repealed. Laws 1993, chapter 125, as amended by Laws 1997, chapter 233, article 4, section 17, is repealed. Laws 1993, chapter 192, section 32, is repealed. Laws 1994, chapter 591, as amended by Laws 1997, chapter 233, article 4, section 12, is repealed. Laws 1994, chapter 632, article 3, section 14; Laws 1996, chapter 448, articles 2, section 3; and 3, section 1; Laws 1997, chapter 233, article 4, sections 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22; Laws 1998, chapter 390, article 7, section 2; and Laws 2000, chapter 461, article 17, sections 6, 7, 8, 9, 10, 11, 12, and 13, are repealed.

Sec. 18. **EFFECTIVE DATE.**

Sections 1 to 16 are effective on July 1, 2001, or on the day after the city council of the city of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, whichever is later.

New language is indicated by underline, deletions by strikeout.

ARTICLE 16**VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION PROVISIONS**

Section 1. Minnesota Statutes 2000, section 424A.04, is amended by adding a subdivision to read:

Subd. 3. CONDITIONS ON RELIEF ASSOCIATION CONSULTANTS. (a) If a volunteer firefighter relief association hires or contracts with a consultant to provide legal or financial advice, the association shall obtain and the consultant shall provide a copy of the consultant's certificate of insurance.

(b) A consultant is any person who is employed under contract to provide legal or financial advice and who is or who represents to the volunteer firefighter relief association that the person is:

- (1) an actuary;
- (2) a licensed public accountant or a certified public accountant;
- (3) an attorney;
- (4) an investment advisor or manager, or an investment counselor;
- (5) an investment advisor or manager selection consultant;
- (6) a pension benefit design advisor or consultant; or
- (7) any other financial consultant.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective July 1, 2001.

ARTICLE 17**ONE PERSON OR SMALL GROUP SERVICE CREDIT PURCHASES****Section 1. TEACHERS RETIREMENT ASSOCIATION; SABBATICAL LEAVE OF ABSENCE SERVICE CREDIT PURCHASE.**

(a) An eligible person described in paragraph (b) is entitled to purchase 0.34 of a year of allowable and formula service credit from the teachers retirement association.

(b) An eligible person is a person who:

- (1) was born on August 7, 1942;
- (2) was employed by independent school district No. 11, Anoka-Hennepin, on August 28, 1970;
- (3) was on a sabbatical leave of absence from July 1, 1977, to June 30, 1978; and

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

(4) due to inadvertent clerical error by independent school district No. 11, Anoka-Hennepin, did not have full contributions for the sabbatical leave made in a timely fashion and 0.654 of a year of service credit was credited rather than one year of service for the sabbatical leave.

(c) To purchase the service credit under this section, the eligible person must pay to the teachers retirement association the amount of the shortage in member contributions for the sabbatical leave period plus interest from June 30, 1978, to the date on which payment is made at an annual compound rate of 8.5 percent. Authority to make this payment expires on July 1, 2002, or the date of termination of service, whichever is earlier.

(d) If the eligible person makes the payment required in paragraph (c) in a timely manner, independent school district No. 11, Anoka-Hennepin, may pay the balance of the full prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55 or 356.551, whichever applies. If independent school district No. 11, Anoka-Hennepin, does not pay the balance within 30 days of notification by the executive director of the teachers retirement association of the payment of the member contribution payment by the eligible person under paragraph (c), the executive director shall notify the commissioner of finance of that fact and the commissioner shall deduct from any state aid payable to independent school district No. 11, Anoka-Hennepin, that amount, plus interest on that amount of 1.5 percent per month for each month or portion of a month that has elapsed from the effective date of this section.

(e) The eligible person shall provide any relevant documentation related to eligibility to make this service credit purchase that is required by the executive director of the teachers retirement association.

Sec. 2. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF EXTENDED LEAVE OF ABSENCE SERVICE CREDIT.

(a) An eligible person, as described in paragraph (b), is entitled to purchase allowable and formula service credit in the teachers retirement association for the period specified in paragraph (c) by making the payment specified in Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on May 25, 1948;

(2) was employed by the Hutchinson public schools for 26 years;

(3) was granted an extended leave of absence on May 27, 1997; and

(4) due to a clerical error within the person's electrical business, omitted payment of contributions under Minnesota Statutes, section 354.094, for the 1997-1998 school year.

(c) The prior service credit purchase period is the 1997-1998, 1998-1999, and 1999-2000 school years.

New language is indicated by underline, deletions by strikeout.

(d) The service credit purchase authority expires on August 31, 2001, or the date of the person's retirement, whichever is earlier.

Sec. 3. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; PURCHASE OF PREVIOUSLY UNCREDITED WHITE BEAR LAKE PUBLIC SCHOOL CLERICAL SERVICE.

(a) An eligible person described in paragraph (b) is entitled to receive credit for one year of allowable service from the public employees retirement association on August 31, 2001.

(b) An eligible person is a person who:

(1) was born on July 24, 1939;

(2) was initially employed by independent school district No. 624, White Bear Lake, as a casual clerical employee on March 15, 1971;

(3) was subsequently employed as a full-time clerical employee by independent school district No. 624, White Bear Lake, from the 1973-1974 school year until the 1990-1991 school year;

(4) was subsequently employed as a teacher by independent school district No. 624, White Bear Lake, from August 26, 1991; and

(5) was not included in coverage by the public employees retirement association for full-time clerical employment during the 1973-1974 school year.

(c) The prior service credit purchase payment must be determined under Minnesota Statutes, section 356.55 or 356.551, whichever provision is in effect, and must include the impact of the purchase on the eligible person's prospective retirement annuity from the teachers retirement association. Notwithstanding any provision of Minnesota Statutes, section 356.55 or 356.551, to the contrary, independent school district No. 624, White Bear Lake, is obligated to pay the full required service credit payment, including any amount attributable to the teachers retirement association. If the school district does not make payment of the service credit purchase amount by August 31, 2001, the executive director of the public employees retirement association and the executive director of the teachers retirement association shall notify the commissioner of finance of the school district's failure. Following notification, the commissioner of finance shall deduct the required amount from any state aid otherwise payable to independent school district No. 624, White Bear Lake, and shall transfer the appropriate amounts to the public employees retirement fund and the teachers retirement fund.

(d) The eligible person must provide the executive director of the public employees retirement association with necessary documentation of the applicability of this section and with any other relevant information that the executive director may require.

Sec. 4. MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; SERVICE CREDIT PURCHASE AUTHORIZATION.

New language is indicated by underline, deletions by strikeout.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is authorized to purchase allowable service credit under procedures specified in Minnesota Statutes, section 356.55 or 356.551, whichever is in effect, from the Minneapolis teachers retirement fund association for the period described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on July 21, 1941;

(2) initially was employed as a teacher by independent school district No. 281, Robbinsdale, in December 1962;

(3) began employment as a teacher in special school district No. 1, Minneapolis, in August 1985;

(4) currently is a special education teacher at the Webster open school; and

(5) had no retirement contributions or social security contributions withheld from compensation by special school district No. 1, Minneapolis, for the 1985-1986 school year.

(c) The allowable service credit purchase period is the 1985-1986 school year.

(d) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b) and any other applicable information that the executive director of the Minneapolis teachers retirement fund association may request.

(e) Allowable service credit for the purchase period must be granted by the Minneapolis teachers retirement fund association to the eligible person upon the receipt of the payment amounts. If the service credit purchase created additional liabilities in the teachers retirement association, the applicable portion of the full payment amounts must be transferred to that association.

(f) The prior service credit purchase authority expires on September 1, 2001, or on the date of the termination of active teaching service with special school district No. 1, Minneapolis, by the eligible person, whichever occurs earlier.

Sec. 5. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; PAYMENT OF OMITTED SALARY DEDUCTIONS.

Subdivision 1. APPLICATION. A person who was born on February 1, 1961, who was employed by Lac qui Parle county in March 1989, June 1989, and July 1989, but who first had public employees retirement association member contributions deducted in August 1989, is entitled to purchase service credit from the public employees retirement association for the service in March, June, and July 1989.

Subd. 2. PAYMENT. (a) The purchase payment amount for the service credit purchase authorized in subdivision 1 is governed by Minnesota Statutes, section 356.55 or 356.551, whichever is applicable.

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

(b) To purchase the allowable service credit, the eligible person must pay an amount equal to the employee contribution rate or rates in effect during the service credit purchase period applied to the actual salary in effect during that period, plus 8.5 percent compound annual interest from the date the contributions should have been made until the date of actual payment.

(c) Upon receipt of the payment by the eligible person as specified under paragraph (b), the executive director of the public employees retirement association shall notify the chief administrative officer of Lac qui Parle county of that fact. Within 30 days of that notification, Lac qui Parle county shall pay to the public employees retirement association the balance of the service credit purchase payment amount under Minnesota Statutes, section 356.55 or 356.551, whichever is in effect, that is not paid by the eligible person.

(d) If Lac qui Parle county does not make the payments required by paragraph (c) in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance, who shall then deduct the required amounts from any state aid payable to the county, plus interest at the rate of one percent per month or part of a month that has elapsed since the date on which the eligible person made payment under paragraph (b).

Subd. 3. APPLICATION; DOCUMENTATION. A person described in subdivision 1 must apply to the executive director of the public employees retirement association to make the purchase. The application must be on a form provided by the executive director and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

Subd. 4. LIMITATION. Authority under this section expires on July 1, 2002, or upon termination of service, whichever is earlier.

Sec. 6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; PAYMENT OF OMITTED SALARY DEDUCTION.

Subdivision 1. APPLICATION. (a) An eligible person described in paragraph (b) and an eligible person described in paragraph (c) are authorized to purchase service credit in the public employees retirement association general plan for the period specified in paragraph (d).

(b) An eligible person is a person who:

(1) was born on February 11, 1948;

(2) is currently a member of the public employees retirement association general plan; and

(3) is currently employed by the Minneapolis park board and was first employed by that board on March 8, 1983.

(c) An eligible person is a person who:

(1) was born on August 12, 1936;

New language is indicated by underline, deletions by strikeout.

(2) is currently a member of the public employees retirement association general plan; and

(3) is currently employed by the Minneapolis park board and was first employed by that board on April 4, 1983.

(d) The service credit purchase period is any period of previously uncredited service, unless properly excluded under law, during which the eligible person in paragraph (b) or (c), as applicable, was employed by the Minneapolis park board following the date on which, under applicable requirements of public employees retirement association law, the applicable eligible person should have been reported for plan membership.

Subd. 2. PAYMENT. The purchase payment for the service credit purchases authorized in subdivision 1 is governed by Minnesota Statutes, section 356.55 or 356.551, whichever is applicable.

Subd. 3. DOCUMENTATION. A person described in subdivision 1 must apply to the executive director of the public employees retirement association to make the purchase. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information required by the executive director.

Subd. 4. APPLICATION DATE. Authority to purchase service credit under this section terminates on January 1, 2002, or upon termination of the applicable person from service.

Sec. 7. PERA-COORDINATED RETIREMENT PLAN; SERVICE CREDIT PURCHASE AUTHORIZED.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is authorized to purchase allowable service credit from the coordinated plan of the public employees retirement system for the period described in paragraph (c) by making a prior service credit purchase payment required under Minnesota Statutes, section 356.55 or 356.551, whichever is applicable. Notwithstanding the authority in these sections, neither the Minneapolis employees retirement fund nor the city of Minneapolis is authorized to pay any portion of the purchase payment amount.

(b) An eligible person is a person who:

(1) is a current employee of the Minneapolis employees retirement fund and is a current member of the coordinated plan of the public employees retirement association and an inactive member of the unclassified retirement plan of the Minnesota state retirement system;

(2) was born on April 26, 1949;

(3) was employed as a full-time instructor temporary classification on August 15, 1981, by the accounting department, Carlson school of management, University of Minnesota; and

New language is indicated by underline, deletions by strikeout.

(4) was subsequently reappointed annually as a full-time instructor temporary classification for an additional three years and terminated employment on August 14, 1985.

(c) The allowable service credit purchase period is the period described in paragraph (b), clauses (3) and (4).

(d) The eligible person must provide all relevant documentation of the applicability of the requirements in paragraph (b) and any other applicable information that the executive director of the public employees retirement association may request.

(e) Allowable service credit for the purchase period must be granted by the coordinated plan of the public employees retirement fund to the eligible person upon receipt of the prior service credit purchase payment amount.

(f) The prior service credit purchase authority expires on July 1, 2002, or on the date of termination of active service covered by the public employees retirement association by the eligible person, whichever occurs earlier.

Sec. 8. PUBLIC EMPLOYEES POLICE AND FIRE PLAN; PURCHASE OF PRIOR SERVICE CREDIT.

Subdivision 1. AUTHORIZATION. A member of the public employees retirement association police and fire plan who was born on August 2, 1951, who was employed by the city of Brainerd as a police officer before February 29, 1996, and who has at least three years of allowable service credit with the public employees retirement association police and fire fund is entitled to purchase up to ten years of allowable service credit for employment by the city of Brainerd as a full-time police officer in a position that was not covered by the police and fire fund but was covered by a local relief association governed by Minnesota Statutes, section 69.77. This authorization applies notwithstanding any contrary provision of Minnesota Statutes, section 353A.10. To purchase service credit, an eligible person must make payments required under Minnesota Statutes, section 356.55 or 356.551, whichever is applicable. This authorization applies only if the person is not entitled to receive a current or deferred service pension or retirement annuity or a current disability benefit from another Minnesota public pension plan, including a local police relief association, for that service.

Subd. 2. APPLICATION AND DOCUMENTATION. A person who desires to purchase service credit under subdivision 1 must apply in writing with the executive director of the public employees retirement association to make the purchase. The application must include all necessary documentation of the person's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. SERVICE CREDIT GRANT. Allowable service credit for the purchase period must be granted by the public employees retirement association to the purchasing person only upon receipt of the purchase payment amount. Payment must be made before the person's effective date of retirement.

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

Sec. 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; PURCHASE OF SERVICE FOR UNCREDITED SERVICE AS A MEMBER OF THE ST. PAUL CITY COUNCIL.

Subdivision 1. APPLICABILITY. This section applies to a person:

- (1) who was born September 10, 1938;
- (2) who began service as a member of the St. Paul city council in 1970;
- (3) who was eligible for membership in the public employees retirement association for the period from July 1, 1974, to March 31, 1975;
- (4) for whom no employer contributions were paid and no employee contributions deducted by the city of St. Paul for the period described in clause (3); and
- (5) who retired September 1, 2000, and is currently receiving retirement annuities from the St. Paul teachers retirement fund association, the public employees retirement association general plan, and the Minnesota state retirement system general plan.

Subd. 2. PURCHASE OF SERVICE. (a) A person described in subdivision 1 may purchase service credit under Minnesota Statutes, section 356.55, in the public employees retirement association general plan for the period described in subdivision 1, clause (3).

(b) To purchase the allowable service credit, the eligible person must pay an amount equal to the employee contribution rate or rates in effect during the service credit purchase period applied to the actual salary in effect during that period, plus 8.5 percent compound annual interest from the date the contributions should have been made until the date of actual payment.

(c) Upon receipt of the payment under paragraph (b) by the eligible person, the executive director of the public employees retirement association shall notify the chief administrative officer of the city of St. Paul of that fact. Within 30 days of that notification, the city of St. Paul shall pay to the public employees retirement association the balance of the service credit purchase payment amount under Minnesota Statutes, section 356.55, that is not paid by the eligible person.

(d) If the city of St. Paul does not make the payments required by paragraph (c) in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance, who shall then deduct the required amounts from any state aid payable to the city, plus interest at the rate of one percent per month or part of a month that has elapsed since the date on which the eligible person made payment under paragraph (b).

Subd. 3. APPLICATION; DOCUMENTATION. A person described in subdivision 1 must apply to the executive director of the public employees retirement association to make the purchase. The application must be on a form provided by the executive director and must include all necessary documentation of the applicability of

New language is indicated by underline, deletions by strikeout.

this section and any other relevant information that the executive director may require.

Subd. 4. LIMITATION. Authority under this section expires on September 1, 2001.

Subd. 5. BENEFIT REVISION DATE. The annuity of the eligible individual under subdivision 1 is to be revised on the first day of the month following the month in which the full purchase price determined under subdivision 2 is received by the public employees retirement association.

Subd. 6. LUMP-SUM PAYMENT. The public employees retirement association shall also pay the person described in subdivision 1 a lump-sum amount equal to the difference between the annuity received from the association from September 1, 2000, to the date of payment for the service credit and the amount the person would have received with the additional service credit purchased under this section.

Sec. 10. PUBLIC EMPLOYEES POLICE AND FIRE PLAN; PURCHASE OF SERVICE CREDIT FOR EMPLOYEE ERRONEOUSLY ENROLLED IN PERA-GENERAL.

(a) Notwithstanding any provision of law to the contrary, because the legislature determines that the township made a mistake in 1983 concerning the retirement coverage of the part-time town constable, an eligible person described in paragraph (b) is authorized to elect to transfer past service credit for the period May 5, 1983, to August 29, 1987, in the general employee retirement plan of the public employees retirement association to the public employees police and fire retirement plan. The transfer includes the transfer of assets provided for in paragraph (c). The transfer occurs following the receipt by the executive director of the public employees retirement association of the payment amounts specified in paragraphs (d) and (e).

(b) An eligible person is a person who:

(1) was born on October 23, 1956;

(2) was hired as a part-time town constable by White Bear township from May 5, 1983, to August 29, 1987; and

(3) was covered by the general employees retirement plan of the public employees retirement association rather than the public employees police and fire retirement plan for this public safety employer service.

(c) Assets equal to 86.31 percent of the actuarial accrued liability of the general employees retirement plan of the public employees retirement association determined with respect to the eligible person by the actuary retained by the legislative commission on pensions and retirement in accordance with Minnesota Statutes, section 356.215, must be transferred from the general employees retirement fund to the public employees police and fire retirement fund. The expense of the legislative commission on pensions and retirement related to these calculations must be reimbursed by the public employees police and fire fund. The transfer of assets must be made within 30 days of the date on which the eligible employee elects to transfer past service credit to

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

the public employees police and fire retirement plan.

(d) To obtain the service credit transfer under this section, the eligible person must pay to the public employees police and fire retirement plan the difference between the member contribution rate of the general employees retirement plan of the public employees retirement association and the member contribution rate of the public employees police and fire retirement plan for the period May 5, 1983, to August 29, 1987, applied to the eligible person's average salary for that period, plus 8.5 percent compound annual interest on the total from July 1, 1985, to the date of payment. Authority for the eligible person to make the payment under this paragraph expires on July 1, 2002.

(e) If the eligible person makes the required payment under paragraph (d) in a timely manner, the executive director of the public employees retirement association shall notify the clerk-treasurer of White Bear township of that fact. Within 30 days of that notification, White Bear township shall pay to the public employees police and fire fund: (1) the balance of the payment amount calculated under Minnesota Statutes, section 356.55 or 356.551, whichever is in effect, that exceeds the total of the amount transferred under paragraph (c) and the amount paid by the eligible person under paragraph (d); and (2) the cost associated with the actuarial calculation under paragraph (c). If White Bear township does not make the payment required by this paragraph in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance of that fact, who shall then deduct the required amount from any subsequent state aid or other state payments to the township, plus interest at the rate of one percent per month or a part of a month that has elapsed since the date on which the eligible person made payment under paragraph (d).

(f) The eligible person must elect to make the service credit transfer on a form prescribed by the executive director of the public employees retirement association. The eligible person must supply all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

(g) Authority under this section expires on July 1, 2002, or upon the retirement of the eligible person from the general employees retirement plan of the public employees retirement association or from the public employees police and fire retirement plan, whichever is earlier.

Sec. 11. REPEALER.

Section 8 is repealed effective May 16, 2002.

Sec. 12. EFFECTIVE DATE.

Sections 1 to 10 are effective the day following final enactment.

New language is indicated by underline, deletions by strikeout.

ARTICLE 18

ELECTIONS

Section 1. Minnesota Statutes 2000, section 10A.31, subdivision 3a, is amended to read:

Subd. 3a. **QUALIFICATION OF POLITICAL PARTIES.** (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if the secretary of state certifies to the commissioner of revenue it qualifies as a minor party statewide by July 1 of the taxable year that the party satisfies the following conditions:

(1) ~~in the last general election, the party ran a candidate for the office of governor and lieutenant governor, secretary of state, state auditor, or attorney general, who received votes in each county that in the aggregate total at least one percent of the total number of individuals who voted in the election;~~

(2) ~~it is a political party, not a principal campaign committee; and~~

(3) ~~it has held a state convention in the last two years and an officer of the party has filed with the secretary of state a certification to that effect.~~

(c) The secretary of state shall notify each major and minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to participate in income tax form and property tax refund return programs.

(d) The secretary of state shall notify each political party, the commissioner of revenue, and the campaign finance and public disclosure board by July 1 of each year and following certification of the results of each general election of the political parties that qualify for inclusion on the income tax form and property tax refund return as provided in subdivision 3.

Sec. 2. Minnesota Statutes 2000, section 10A.31, subdivision 7, is amended to read:

Subd. 7. **DISTRIBUTION OF GENERAL ACCOUNT.** (a) ~~Within two weeks after certification by the state canvassing board of~~ As soon as the board has obtained the results of the general primary election from the secretary of state, but no later than one week after certification of the primary results by the state canvassing board, the board must distribute the available money in the general account, as certified by the commissioner of revenue on ~~November~~ September 1 and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

(1) have signed a spending limit agreement under section 10A.322;

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

- (2) have filed the affidavit of contributions required by section 10A.323;
- (3) have filed the agreement required under paragraph (c); and
- (3) (4) were opposed in either the primary election or the general election; and,
- (4) are either a candidate for statewide office who received at least five percent of the votes cast in the general election for that office or a candidate for legislative office who received at least ten percent of the votes cast in the general election for that seat.

(b) The public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

(c) No later than one week after the primary results have been certified by the state canvassing board, a candidate wishing to receive money distributed by the board under this subdivision must execute and file an agreement with the board. The agreement must provide that:

(1) if the candidate does not expend or promise to disburse 50 percent of the money distributed by the board under this subdivision no later than the end of the final reporting period preceding the general election, then the candidate agrees to repay to the board the remainder of the money distributed to the candidate under this subdivision no later than six months following the date of the general election; and

(2) the candidate agrees to reimburse the board for all reasonable costs, including litigation costs, incurred in collecting any amount due following that date.

If the board determines that a candidate has failed to repay money as required by an agreement under this subdivision, the board may not distribute any additional money to the candidate under this subdivision until the entirety of the unexpended money is repaid or discharged.

Sec. 3. Minnesota Statutes 2000, section 103C.311, subdivision 1, is amended to read:

Subdivision 1. **SUPERVISORS ELECTED AT LARGE.** (a) The district board, after the initial election has been held, shall, with the approval of the state board, divide a district into five supervisor districts for purposes of nomination for election. At each election after the division, one or more supervisors shall be nominated from each supervisor district. A supervisor must be a resident of the supervisor district to be elected.

(b) If the boundary of a soil and water conservation district has been substantially changed by a division of the district, the district shall be divided into five supervisor districts for nomination purposes.

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

(c) This subdivision does not disqualify a supervisor during the term for which the supervisor was elected or nominated for election. Supervisors nominated from the supervisor districts shall be included on the ballot for election from the entire area included in the soil and water conservation district.

(d) A certified copy of the minutes or the resolution of the supervisors establishing supervisor districts must be promptly filed by the chair of the district board with the county auditor of the counties where the district is located and with the state board.

Sec. 4. Minnesota Statutes 2000, section 200.02, subdivision 7, is amended to read:

Subd. 7. **MAJOR POLITICAL PARTY.** (a) "Major political party" means a political party that maintains a party organization in the state, political division or precinct in question and: (a) which that has presented at least one candidate for election to a partisan office the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general at the last preceding state general election for those offices; or

(2) presidential elector or U.S. senator at the last preceding state general election, which for presidential electors; and

whose candidate received votes in each county in that election and received votes from not less than five percent of the total number of individuals who voted in that election; or

(b) "Major political party" also means a political party that maintains a party organization in the state, political subdivision, or precinct in question and whose members present to the secretary of state a petition for a place on the state partisan primary ballot, which petition contains signatures of a number of the party members equal to at least five percent of the total number of individuals who voted in the preceding state general election.

(c) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (a) becomes a major political party as of January 1 following that election and retains its major party status notwithstanding that the party fails to present a candidate who receives the number and percentage of votes required under paragraph (a) at the following state general election.

(d) A major political party whose candidates fail to receive the number and percentage of votes required under paragraph (a) at either state general election described by paragraph (a) loses major party status as of December 31 following the most recent state general election.

Sec. 5. Minnesota Statutes 2000, section 200.02, subdivision 23, is amended to read:

Subd. 23. **MINOR POLITICAL PARTY.** (a) "Minor political party" means a political party that is not a major political party as defined by subdivision 7 and that

New language is indicated by underline, deletions by strikeout.

has adopted a state constitution, designated a state party chair, held a state convention in the last two years, filed with the secretary of state no later than December 31 following the most recent state general election a certification that the party has met the foregoing requirements, and met the requirements of paragraph (b) or (e) (e), as applicable.

(b) To be considered a minor party in all elections statewide, the political party must have presented at least one candidate for a partisan office voted on statewide election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general, at the last preceding state general election for those offices; or

(2) presidential elector or U.S. senator at the preceding state general election for presidential electors; and

who received votes in each county that in the aggregate equal at least one percent of the total number of individuals who voted in the election, or its members must have presented to the secretary of state a nominating petition in a form prescribed by the secretary of state containing the signatures of party members in a number equal to at least one percent of the total number of individuals who voted in the preceding state general election.

(c) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (b) becomes a minor political party as of January 1 following that election and retains its minor party status notwithstanding that the party fails to present a candidate who receives the number and percentage of votes required under paragraph (b) at the following state general election.

(d) A minor political party whose candidates fail to receive the number and percentage of votes required under paragraph (b) at either state general election described by paragraph (b) loses minor party status as of December 31 following the most recent state general election.

(e) (e) To be considered a minor party in an election in a legislative district, the political party must have presented at least one candidate for a legislative office in that district who received votes from at least ten percent of the total number of individuals who voted for that office, or its members must have presented to the secretary of state a nominating petition in a form prescribed by the secretary of state containing the signatures of party members in a number equal to at least ten percent of the total number of individuals who voted in the preceding state general election for that legislative office.

Sec. 6. [200.039] PETITION REQUIREMENTS FOR BALLOT QUESTIONS.

If a statute:

(1) provides that a ballot question may or must be placed on the ballot when a specified number of individuals have signed a petition; and

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

(2) specifies the number of individuals required under the statute as a percentage of the individuals who voted in a previous election, the statute must be construed to mean that the petition must be signed by a number of current voters equal to the required percentage specified in the statute. The statute must not be construed to restrict the eligibility to sign the petition to only those individuals who were eligible to cast ballots or who did cast ballots in the previous election.

Sec. 7. Minnesota Statutes 2000, section 201.016, subdivision 1a, is amended to read:

Subd. 1a. **VIOLATIONS; PENALTY.** (a) The county auditor shall mail a violation notice to any voter who the county auditor can determine has voted in a precinct other than the precinct in which the voter maintains residence. The notice must be in the form provided by the secretary of state. The county auditor shall also change the status of the voter in the statewide registration system to "challenged" and the voter shall be required to provide proof of residence to either the county auditor or to the election judges in the voter's precinct before voting in the next election. Any of the forms authorized by section 201.061 for registration at the polling place may be used for this purpose.

(b) A voter who votes in a precinct other than the precinct in which the voter maintains residence after receiving an initial violation notice as provided in this subdivision is guilty of a petty misdemeanor. ~~Any subsequent violation~~

(c) A voter who votes in a precinct other than the precinct in which the voter maintains residence after having been found to have committed a petty misdemeanor under paragraph (b) is guilty of a misdemeanor.

(d) Reliance by the voter on inaccurate information regarding the location of the voter's polling place provided by the state, county, or municipality is an affirmative defense to a prosecution under this subdivision.

Sec. 8. Minnesota Statutes 2000, section 201.022, is amended to read:

201.022 STATEWIDE REGISTRATION SYSTEM.

Subdivision 1. **ESTABLISHMENT.** The secretary of state shall ~~develop and implement~~ maintain a statewide voter registration system to facilitate voter registration and to provide a central database containing voter registration information from around the state. The system must be accessible to the county auditor of each county in the state.

Subd. 2. **RULES.** The secretary of state shall make permanent rules necessary to administer the system required in subdivision 1. The rules must at least:

(1) provide for voters to submit their registration to any county auditor, the secretary of state, or the department of public safety;

(2) provide for the establishment and maintenance of a central database for all voter registration information;

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

- (3) provide procedures for entering data into the statewide registration system;
- (4) provide for interaction with the computerized driver's license records of the department of public safety;
- (5) allow the offices of all county auditors and the secretary of state to add, modify, and delete information from the system to provide for accurate and up-to-date records;
- (6) allow the offices of all county auditors and the secretary of state's office to have access to the statewide registration system for review and search capabilities;
- (7) provide security and protection of all information in the statewide registration system and to ensure that unauthorized entry is not allowed;
- (8) provide a system for each county to identify the precinct to which a voter should be assigned for voting purposes; and
- (9) prescribe a procedure for phasing in or converting existing computerized records to the statewide registration system;
- (10) prescribe a procedure for the return of completed voter registration forms from the department of public safety to the secretary of state or the county auditor; and
- (11) provide alternate procedures, effective until December 31, 1990, for updating voter records and producing polling place rosters for counties. The secretary of state shall determine no later than June 1, 1990, whether these alternate procedures will be required.

Sec. 9. Minnesota Statutes 2000, section 202A.19, subdivision 1, is amended to read:

Subdivision 1. **LIMITS ON LOCAL GOVERNMENT MEETINGS.** No special taxing district governing body, school board, county board of commissioners, township board, or city council may conduct a meeting after 6:00 p.m. on the day of a major political party precinct caucus. As used in this subdivision, "special taxing district" has the meaning given in section 275.066.

Sec. 10. Minnesota Statutes 2000, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION PROCEDURES.** Except as otherwise allowed by subdivision 2, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. The county auditor shall prepare absentee ballot application forms in the format provided in the rules of the secretary of state and shall furnish them to any person on request. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

- (a) the county auditor of the county where the applicant maintains residence; or
- (b) the municipal clerk of the municipality, or school district if applicable, where the applicant maintains residence.

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

An application shall be approved if it is timely received, signed and dated by the applicant, contains the applicant's name and residence and mailing addresses, and states that the applicant is eligible to vote by absentee ballot for one of the reasons specified in section 203B.02. The application may contain a request for the voter's date of birth, which must not be made available for public inspection. An application may be submitted to the county auditor or municipal clerk by an electronic facsimile device, at the discretion of the auditor or clerk. An application mailed or returned in person to the county auditor or municipal clerk on behalf of a voter by a person other than the voter must be deposited in the mail or returned in person to the county auditor or municipal clerk within ten days after it has been dated by the voter and no later than six days before the election. The absentee ballot applications or a list of persons applying for an absentee ballot may not be made available for public inspection until the close of voting on election day.

An application under this subdivision may contain an application under subdivision 5 to automatically receive an absentee ballot application.

Sec. 11. Minnesota Statutes 2000, section 203B.04, subdivision 5, is amended to read:

Subd. 5. **PERMANENT ILLNESS OR DISABILITY.** (a) An eligible voter who reasonably expects to be permanently unable to go to the polling place on election day because of illness or disability may apply to a county auditor or municipal clerk under this section to automatically receive an absentee ballot application before each election, other than an election by mail conducted under section 204B.45, and to have the status as a permanent absentee voter indicated on the voter's registration record.

(b) The secretary of state shall adopt rules governing procedures under this subdivision.

Sec. 12. Minnesota Statutes 2000, section 203B.06, is amended by adding a subdivision to read:

Subd. 3a. **UNOFFICIAL BALLOTS.** If no official ballots are ready at the time absentee balloting is scheduled to begin or the supply is exhausted before absentee balloting ends, the county auditor or municipal clerk shall prepare unofficial ballots, printed or written as nearly as practicable in the form of the official ballots. These ballots may be used until the official ballots are available.

Sec. 13. Minnesota Statutes 2000, section 203B.07, subdivision 1, is amended to read:

Subdivision 1. **DELIVERY OF ENVELOPES, DIRECTIONS.** The county auditor or the municipal clerk shall prepare, print, and transmit a return envelope, a ballot envelope, and a copy of the directions for casting an absentee ballot to each applicant whose application for absentee ballots is accepted pursuant to section 203B.04. The directions for casting an absentee ballot shall be printed in at least 14-point bold type with heavy leading and may be printed on the ballot envelope. When a person requests the directions in Braille or on cassette tape, the county auditor

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

or municipal clerk shall provide them in the form requested. The secretary of state shall prepare Braille and cassette copies and make them available.

When a voter registration card is sent to the applicant as provided in section 203B.06, subdivision 4, the directions or registration card shall include instructions for registering to vote.

Sec. 14. Minnesota Statutes 2000, section 203B.16, subdivision 1, is amended to read:

Subdivision 1. **MILITARY SERVICE; TEMPORARY RESIDENCE OUTSIDE UNITED STATES.** Sections 203B.16 to 203B.27 provide alternative voting procedures for eligible voters who are absent from the precinct where they maintain residence because they are:

(a) (1) either in the military or the spouses or dependents of individuals serving in the military; or

(b) (2) temporarily outside the territorial limits of the United States.

Sections 203B.16 to 203B.27 are intended to implement the federal Uniformed and Overseas Citizens Absentee Voting Act, United States Code, title 42, section 1973ff.

Sec. 15. Minnesota Statutes 2000, section 203B.17, subdivision 1, is amended to read:

Subdivision 1. **SUBMISSION OF APPLICATION.** (a) An application for absentee ballots for a voter described in section 203B.16 may be submitted in writing or by electronic facsimile device, or by electronic mail upon determination by the secretary of state that security concerns have been adequately addressed. An application for absentee ballots for a voter described in section 203B.16 may be submitted by that voter or by that voter's parent, spouse, sister, brother, or child over the age of 18 years. For purposes of an application under this subdivision, a person's social security number, no matter how it is designated, qualifies as the person's military identification number if the person is in the military.

(b) An application for a voter described in section 203B.16, subdivision 1, shall be submitted to the county auditor of the county where the voter maintains residence.

(c) An application for a voter described in section 203B.16, subdivision 2, shall be submitted to the county auditor of the county where the voter last maintained residence in Minnesota.

(d) An application for absentee ballots for a primary shall also constitute an application for absentee ballots for the any ensuing general or special election conducted during the same calendar year in which the application is received.

(e) There shall be no limitation of time for filing and receiving applications for ballots under sections 203B.16 to 203B.27.

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

Sec. 16. Minnesota Statutes 2000, section 204B.06, subdivision 1, is amended to read:

Subdivision 1. **FORM OF AFFIDAVIT.** (a) An affidavit of candidacy shall state the name of the office sought and shall state that the candidate:

(a) (1) is an eligible voter;

(b) (2) has no other affidavit on file as a candidate for any office at the same primary or next ensuing general election, except that a candidate for soil and water conservation district supervisor in a district not located in whole or in part in Anoka, Hennepin, Ramsey, or Washington county, may also have on file an affidavit of candidacy for mayor or council member of a statutory or home rule charter city of not more than 2,500 population contained in whole or in part in the soil and water conservation district or for town supervisor in a town of not more than 2,500 population contained in whole or in part in the soil and water conservation district; and

(c) (3) is, or will be on assuming the office, 21 years of age or more, and will have maintained residence in the district from which the candidate seeks election for 30 days before the general election.

An affidavit of candidacy must include a statement that the candidate's name as written on the affidavit for ballot designation is the candidate's true name or the name by which the candidate is commonly and generally known in the community.

An affidavit of candidacy for partisan office shall also state the name of the candidate's political party or political principle, stated in three words or less.

(b) This subdivision does not apply to a candidate for president or vice-president of the United States.

Sec. 17. Minnesota Statutes 2000, section 204B.07, subdivision 2, is amended to read:

Subd. 2. **PETITIONS FOR PRESIDENTIAL ELECTORS.** On petitions nominating presidential electors, the names of the candidates for president and vice-president shall be added to the political party or political principle stated on the petition. One petition may be filed to nominate a slate of presidential electors equal in number to the number of electors to which the state is entitled. This subdivision does not apply to candidates for presidential elector nominated by major political parties. Major party candidates for presidential elector are certified under section 208.03.

Sec. 18. Minnesota Statutes 2000, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. **CANDIDATES IN STATE AND COUNTY GENERAL ELECTIONS.** (a) Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state, and federal offices filed at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. The affidavit may be prepared and signed at any time between 60 days before

New language is indicated by underline, deletions by strikeout.

the filing period opens and the last day of the filing period.

(b) Notwithstanding other law to the contrary, the affidavit of candidacy must be signed in the presence of a notarial officer or an individual authorized to administer oaths under section 358.10.

(c) This provision does not apply to candidates for presidential elector nominated by major political parties. Major party candidates for presidential elector are certified under section 208.03. Other candidates for presidential electors may file petitions on or before the state primary day. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing.

(d) Affidavits and petitions for offices to be voted on in only one county shall be filed with the county auditor of that county. Affidavits and petitions for offices to be voted on in more than one county shall be filed with the secretary of state.

Sec. 19. Minnesota Statutes 2000, section 204B.09, subdivision 3, is amended to read:

Subd. 3. **WRITE-IN CANDIDATES.** (a) A candidate for state or federal office who wants write-in votes for the candidate to be counted must file a written request with the filing office for the office sought no later than the day before the general election. The filing officer shall provide copies of the form to make the request.

(b) A candidate for president of the United States who files a request under this subdivision must include the name of a candidate for vice-president of the United States. The request must also include the name of at least one candidate for presidential elector. The total number of names of candidates for presidential elector on the request may not exceed the total number of electoral votes to be cast by Minnesota in the presidential election.

(c) A candidate for governor who files a request under this subdivision must include the name of a candidate for lieutenant governor.

Sec. 20. Minnesota Statutes 2000, section 204B.20, is amended to read:

204B.20 ELECTION BOARD; CHAIR HEAD ELECTION JUDGE; DUTIES.

The election judges appointed to serve in an election precinct shall constitute the election board for that precinct. The appointing authority shall designate one of the election judges in each precinct to serve as the chair of the election board head election judge. The chair head election judge shall assign specific duties to the election judges of that precinct as necessary or convenient to complete forms, obtain signatures, and perform all the other duties required of election judges.

Sec. 21. Minnesota Statutes 2000, section 204B.22, subdivision 1, is amended to read:

New language is indicated by underline, deletions by strikeout.

Subdivision 1. **MINIMUM NUMBER REQUIRED.** (a) A minimum of three election judges shall be appointed for each precinct. In a combined polling place under section 204B.14, subdivision 2, at least one judge must be appointed from each municipality in the combined polling place, provided that not less than three judges shall be appointed for each combined polling place. The appointing authorities may appoint election judges for any precinct in addition to the number required by this subdivision including additional election judges to count ballots after voting has ended.

(b) An election judge may serve for all or part of election day, at the discretion of the appointing authority, as long as the minimum number of judges required is always present. The head election judge designated under section 204B.20 must serve for all of election day and be present in the polling place unless another election judge has been designated by the head election judge to perform the functions of the head election judge during any absence.

Sec. 22. Minnesota Statutes 2000, section 204B.22, subdivision 3, is amended to read:

Subd. 3. **MINIMUM NUMBER REQUIRED IN CERTAIN PRECINCTS.** At each state primary or state general election in precincts using lever voting machines or an electronic voting system with marking devices and in which more than 400 votes were cast at the last similar election, the minimum number of election judges is three plus one judge to demonstrate the use of the voting machine or device.

Sec. 23. Minnesota Statutes 2000, section 204B.23, is amended to read:

204B.23 VACANCIES AMONG ELECTION JUDGES.

A vacancy on an election board occurs when any election judge who is a member of that board:

(a) Fails to arrive at the polling place within 30 minutes after the time when the polling place is scheduled to open;

(b) Becomes unable to perform the duties of the office after assuming those duties; or

(c) For any reason fails or refuses to perform the duties of the office as assigned by the ~~chair of the election board~~ head election judge.

When a vacancy occurs, the remaining election judges of the precinct shall elect an individual to fill the vacancy subject to the provisions of section 204B.19. When possible the election judges shall elect individuals who have been trained as election judges pursuant to section 204B.25. The oath signed by the new election judge shall indicate that the new election judge was elected to fill a vacancy. The municipal clerk may assign election judges to fill vacancies as they occur.

Sec. 24. Minnesota Statutes 2000, section 204B.27, is amended by adding a subdivision to read:

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

Subd. 11. TRANSLATION OF VOTING INSTRUCTIONS. The secretary of state may develop voting instructions in languages other than English, to be posted and made available in polling places during elections. The state demographer shall determine and report to the secretary of state the languages that are so common in this state that there is a need for translated voting instructions.

Sec. 25. Minnesota Statutes 2000, section 204B.28, subdivision 1, is amended to read:

Subdivision 1. MEETING WITH ELECTION OFFICIALS. At least 12 weeks before each regularly scheduled general election, each county auditor shall conduct a meeting with local election officials to review the procedures for the election. The county auditor may require the chairs of the election boards head election judges in the county to attend this meeting.

Sec. 26. [204B.48] VOTING EQUIPMENT GRANT ACCOUNT.

Subdivision 1. ACCOUNT CREATED. A voting equipment grant account is created in the state treasury to provide grants to political subdivisions to purchase precinct based optical scan ballot tabulation equipment. The equipment must permit the voter to verify and correct any errors on the ballot, including both undervotes and overvotes. Any grants made by the federal government to the state to improve election administration or equipment must be credited to the account.

Subd. 2. APPLICATION. The commissioner of administration may make a grant from the account to a political subdivision only after receiving an application from the political subdivision and a recommendation from the secretary of state concerning the application. The application must contain the following information:

- (1) the date the application is submitted;
- (2) the name of the political subdivision;
- (3) the name and title of the individual who prepared the application;
- (4) the type of voting system currently used in each precinct in the political subdivision;
- (5) if the current system is an optical scan system, the date the system was acquired and at what cost;
- (6) the total number of registered voters, as of the date of the application, in each precinct in the political subdivision;
- (7) the total amount of the grant requested;
- (8) the total amount and source of the political subdivision's money to be used to match a grant from the account;
- (9) the type of voting system to be acquired with the grant money and whether the voting system will permit individuals with disabilities to cast a secret ballot;

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

(10) the proposed schedule for purchasing and implementing the new voting system and the precincts in which the new voting system would be used;

(11) the proposed schedule for training election administrators and election judges to operate the new voting system;

(12) a proposed plan to educate voters, the media, and the general public concerning the new voting system;

(13) the names and contact information for the individuals and offices of the political subdivision responsible for communications and reporting to the commissioner of administration regarding the administration and implementation of the grant by the political subdivision, authorizing the purchase of voting systems, and implementing the training and education plan for the voting system;

(14) whether the political subdivision has previously applied for a grant from the account and the disposition of that application;

(15) a certified statement by the political subdivision that the grant will be used only to purchase precinct based optical scan ballot tabulation equipment, that the political subdivision will provide a dollar-for-dollar match that will not come from state or federal money, and that the political subdivision has insufficient resources to purchase the voting system without obtaining a grant from the account.

The commissioner of administration must forward a copy of the application to the secretary of state.

Subd. 3. EVALUATION AND APPROVAL. In evaluating the application, the commissioner of administration may consider only the information set forth in the application and is not subject to chapter 14. If the commissioner of administration determines that the application has been fully and properly completed, and that there is a sufficient balance in the account to fund the grant, either in whole or in part, the commissioner, after receiving the recommendation of the secretary of state, may approve the application.

Subd. 4. PAYMENT. The commissioner of administration may then pay the grant to the political subdivision after certifying that:

(1) the grant will be used only to purchase the kind of ballot tabulation equipment prescribed by subdivision 1, which may include equipment that makes it possible for individuals with disabilities to cast a secret ballot;

(2) the political subdivision to receive the grant has insufficient resources available to purchase the equipment; and

(3) the recipient of the grant will provide a dollar-for-dollar match, which may not come from state or federal money.

Sec. 27. Minnesota Statutes 2000, section 204C.03, subdivision 1, is amended to read:

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

Subdivision 1. **SCHOOL DISTRICTS; COUNTIES; MUNICIPALITIES; SPECIAL TAXING DISTRICTS.** No special taxing district governing body, school board, county board of commissioners, city council, or town board of supervisors shall conduct a meeting between 6:00 p.m. and 8:00 p.m. on the day that an election is held within the boundaries of the special taxing district, school district, county, city, or town. As used in this subdivision, "special taxing district" has the meaning given in section 275.066.

Sec. 28. Minnesota Statutes 2000, section 204C.35, is amended to read:

204C.35 LEGISLATIVE AND FEDERAL, STATE, AND JUDICIAL RACES.

Subdivision 1. **AUTOMATIC RECOUNTS.** (a) In a state primary when the difference between the votes cast for the candidates for nomination to a statewide federal office, state constitutional office, statewide judicial office, congressional office, state legislative office, or to a district judicial office is 100 or less, the difference:

(1) is less than one-half of one percent of the total number of votes counted for that nomination; or

(2) is ten votes or less and the total number of votes cast for the nomination is 400 votes or less;

and the difference determines the nomination, the canvassing board with responsibility for declaring the results for that office shall recount the vote.

(b) In a state general election when the difference between the votes of a candidate who would otherwise be declared elected to a statewide federal office, state constitutional office, statewide judicial office, congressional office, state legislative office, or to a district judicial office and the votes of any other candidate for that office:

(1) is 100 or less than one-half of one percent of the total number of votes counted for that office; or

(2) is ten votes or less if the total number of votes cast for the office is 400 votes or less,

the canvassing board shall recount the votes.

(c) A recount shall ~~must~~ not delay any other part of the canvass. The results of the recount shall ~~must~~ be certified by the canvassing board as soon as possible.

(d) Time for notice of a contest for an office which is recounted pursuant to this section shall begin to run upon certification of the results of the recount by the canvassing board.

(e) A losing candidate may waive a recount required pursuant to this section by filing a written notice of waiver with the canvassing board.

Subd. 2. **OPTIONAL RECOUNT.** (a) A losing candidate for nomination or election to a statewide federal office, state constitutional office, statewide judicial

New language is indicated by underline, deletions by strikeout.

office, congressional office, state legislative office, or to a district court judicial office may request a recount in a manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by this section. The votes shall be recounted as provided in this section if the candidate files a request during the time for filing notice of contest of the primary or election for which a recount is sought.

(b) The requesting candidate shall file with the filing officer a bond, cash, or surety in an amount set by the filing officer for the payment of the recount expenses. The requesting candidate is responsible for the following expenses: the compensation of the secretary of state, or designees, and any election judge, municipal clerk, county auditor, administrator, or other personnel who participate in the recount; the costs of computer operation, preparation of ballot counting equipment, necessary supplies and travel related to the recount; the compensation of the appropriate canvassing board and costs of preparing for the canvass of recount results; and any attorney fees incurred in connection with the recount by the governing body responsible for the recount.

Sec. 29. Minnesota Statutes 2000, section 204C.36, subdivision 1, is amended to read:

Subdivision 1. **REQUIRED RECOUNTS.** (a) Except as provided in paragraph (b), a losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for the nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is:

(a) Five votes or less when the total vote cast for nomination or election to that office is 100 votes or less;

(b) Ten votes or less when the total vote cast for nomination or election to that office is more than 100 but not more than 500 votes;

(c) Twenty votes or less when the total vote cast for nomination or election to that office is more than 500 but not more than 2,000 votes;

(d) One percent of the votes or less when the total vote cast for nomination or election to that office is more than 2,000 but less than 10,000 votes; or

(e) One hundred votes or less when the total vote cast for nomination or election to that office is 10,000 votes or more, less than one-half of one percent of the total votes counted for that office. In case of offices where two or more seats are being filled from among all the candidates for the office, the one-half of one percent difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(b) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is ten votes or less, and the total number of votes

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

cast for the nomination or election of all candidates is no more than 400. In cases of offices where two or more seats are being filled from among all the candidates for the office, the ten vote difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(c) Candidates for county offices shall file a written request for the recount with the county auditor. Candidates for municipal or school district offices shall file a written request with the municipal or school district clerk as appropriate. All requests shall be filed during the time for notice of contest of the primary or election for which a recount is sought.

(d) Upon receipt of a request made pursuant to this section, the county auditor shall recount the votes for a county office at the expense of the county, the governing body of the municipality shall recount the votes for a municipal office at the expense of the municipality, and the school board of the school district shall recount the votes for a school district office at the expense of the school district.

Sec. 30. Minnesota Statutes 2000, section 204C.36, subdivision 3, is amended to read:

Subd. 3. **DISCRETIONARY BALLOT QUESTION RECOUNTS.** A recount may be conducted for a ballot question when the difference between the votes for and the votes against the question is less than or equal to the difference provided in subdivision 1, clauses (a) to (e). A recount may be requested by any person eligible to vote on the ballot question. A written request for a recount must be filed with the filing officer of the county, municipality, or school district placing the question on the ballot and must be accompanied by a petition containing the signatures of 25 voters eligible to vote on the question. If the difference between the votes for and the votes against the question is greater than the difference provided in subdivision 1, clauses (a) to (e), the person requesting the recount shall also file with the filing officer of the county, municipality, or school district a bond, cash, or surety in an amount set by the appropriate governing body for the payment of recount expenses. The written request, petition, and any bond, cash, or surety required must be filed during the time for notice of contest for the election for which the recount is requested.

Sec. 31. Minnesota Statutes 2000, section 204D.04, subdivision 2, is amended to read:

Subd. 2. **INSTRUCTIONS TO PRINTER; PRINTER'S BOND.** (a) The official charged with the preparation and distribution of the ballots shall prepare instructions to the printer for rotation of the names of candidates and for layout of the ballot.

(b) Except as provided in paragraph (c), the instructions shall be approved by the legal advisor of the official before delivery to the printer.

(c) The legal advisor of a town official is only required to approve instructions regarding the rotation of the names of candidates on the ballot.

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

(d) Before a contract exceeding \$1,000 is awarded for printing ballots, the printer shall furnish a sufficient bond, letter of credit, or certified check, acceptable to the official responsible for printing the ballots, conditioned on printing the ballots in conformity with the Minnesota Election Law and the instructions delivered. The official responsible for printing the ballots shall set the amount of the bond, letter of credit, or certified check in an amount equal to the value of the purchase.

Sec. 32. Minnesota Statutes 2000, section 204D.09, is amended to read:

204D.09 EXAMPLE BALLOTS; SAMPLE PRIMARY BALLOTS.

Subdivision 1. **EXAMPLE BALLOT.** (a) No later than June 1 of each year, the secretary of state shall supply each auditor with a copy of an example ballot. The example ballot must illustrate the format required for the ballots used in the primary and general elections that year.

(b) The county auditor shall distribute copies of the example ballot to municipal and school district clerks in municipalities and school districts holding elections that year. The official ballot must conform in all respects to the example ballot.

Subd. 2. **SAMPLE BALLOT.** At least two weeks before the state primary the county auditor shall prepare a sample state partisan primary ballot and a sample state and county nonpartisan primary ballot for public inspection. The names of all of the candidates to be voted for in the county shall be placed on the sample ballots, with the names of the candidates for each office arranged alphabetically according to the surname. Only one sample state partisan primary ballot and one sample state and county nonpartisan ballot shall be prepared for any county. The county auditor shall post the sample ballots in a conspicuous place in the auditor's office and shall cause them to be published at least one week before the state primary in at least one newspaper of general circulation in the county.

Sec. 33. Minnesota Statutes 2000, section 204D.11, subdivision 4, is amended to read:

Subd. 4. **SPECIAL FEDERAL WHITE BALLOT.** (a) The names of all candidates for the offices of president and vice-president of the United States and senator and representative in Congress shall be placed on a ballot printed on white paper which shall be known as the "special federal white ballot."

(b) This ballot shall be prepared by the county auditor in the same manner as the white ballot and shall be subject to the rules adopted by the secretary of state pursuant to subdivision 1. This ballot must be prepared and furnished in accordance with the federal Uniformed and Overseas Citizens Absentee Voting Act, United States Code, title 42, section 1973ff.

(c) The special federal white ballot shall be the only ballot sent to citizens of the United States who are eligible to vote by absentee ballot for federal candidates in Minnesota.

New language is indicated by underline, deletions by strikeout.

Sec. 34. Minnesota Statutes 2000, section 204D.24, subdivision 2, is amended to read:

Subd. 2. **VOTER REGISTRATION.** An individual may register to vote at a special primary or special election at any time before the day that the polling place rosters for the special primary or special election are prepared by the secretary of state. The secretary of state shall provide the county auditors with notice of this date at least seven days before the printing of the rosters. This subdivision does not apply to a special election held on the same day as the ~~presidential primary~~, state primary, state general election, or the regularly scheduled primary or general election of a municipality, school district, or special district.

Sec. 35. Minnesota Statutes 2000, section 205.13, subdivision 1a, is amended to read:

Subd. 1a. **FILING PERIOD.** An affidavit of candidacy for a town office to be elected in March ~~must be filed not more than eight weeks nor less than six weeks before the town election.~~ In municipalities nominating candidates at a municipal primary, an affidavit of candidacy for a city office or town office voted on in November must be filed not more than 70 days nor less than 56 days before the first Tuesday after the second Monday in September preceding the municipal general election. In all other municipalities, an affidavit of candidacy must be filed not more than 70 days and not less than 56 days before the municipal general election.

Sec. 36. Minnesota Statutes 2000, section 205.17, is amended by adding a subdivision to read:

Subd. 7. **EXAMPLE BALLOT.** No later than 30 days before absentee ballots must be prepared and delivered under section 204B.35 for use in a town general election conducted in March, the secretary of state shall supply each town clerk in a town conducting a March general election with a copy of an example ballot. The example ballot must illustrate the format required for the ballots used in the general election that year.

Sec. 37. Minnesota Statutes 2000, section 205.185, subdivision 3, is amended to read:

Subd. 3. **CANVASS OF RETURNS, CERTIFICATE OF ELECTION, BALLOTS, DISPOSITION.** (a) Within seven days after an election, the governing body of a city conducting any election or the governing body of a town conducting the general election in November shall canvass the returns and declare the results of the election. The governing body of a town conducting the general election in March shall canvass the returns and declare the results of the election within two days after an election.

(b) After the time for contesting elections has passed, the municipal clerk shall issue a certificate of election to each successful candidate. In case of a contest, the certificate shall not be issued until the outcome of the contest has been determined by the proper court.

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

(c) In case of a tie vote, the governing body shall determine the result by lot. The clerk shall certify the results of the election to the county auditor, and the clerk shall be the final custodian of the ballots and the returns of the election.

Sec. 38. Minnesota Statutes 2000, section 206.81, is amended to read:

206.81 ELECTRONIC VOTING SYSTEMS; EXPERIMENTAL USE.

(a) The secretary of state may license an electronic voting system for experimental use at an election prior to its approval for general use.

(b) The secretary of state must license one or more touch-sensitive direct recording electronic voting systems for experimental use at an election before their approval for general use and may impose restrictions on their use. At least one voting system licensed under this paragraph must permit sighted persons to vote and at least one system must permit a blind or visually impaired voter to cast a ballot independently and privately.

(c) Experimental use must be observed by the secretary of state or the secretary's designee and the results observed must be considered at any subsequent proceedings for approval for general use.

(d) The secretary of state may adopt rules consistent with sections 206.55 to 206.90 relating to experimental use. The extent of experimental use must be determined by the secretary of state.

Sec. 39. Minnesota Statutes 2000, section 211A.02, subdivision 4, is amended to read:

Subd. 4. **CONGRESSIONAL CANDIDATES.** Candidates for election to the United States House of Representatives or Senate and any political committees raising money and making disbursements exclusively on behalf of any one of those candidates may file copies of their financial disclosures required by federal law in lieu of the financial statement required by this section. A candidate or committee whose report is published on the Federal Election Commission Web site has complied with the filing requirements of this section.

Sec. 40. [211B.205] PARTICIPATION IN PUBLIC PARADES.

If a public parade allows candidates, a candidate must be allowed to participate for a fee that is not greater than the amount that is charged to other units participating in the parade.

Sec. 41. Minnesota Statutes 2000, section 358.10, is amended to read:

358.10 OFFICIALS MAY ADMINISTER, WHEN.

(a) All persons holding office under any law of this state, or under the charter or ordinances of any municipal corporation thereof, including judges and clerks of election, and all committee members, commissioners, trustees, referees, appraisers, assessors, and all others authorized or required by law to act or report upon any matter

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

of fact, ~~shall have the power to administer such oaths as they may deem necessary to the proper discharge of their respective duties.~~

(b) Any employee of the secretary of state designated by the secretary of state has the power to administer oaths to an individual who wishes to file with the secretary of state an affidavit of candidacy, nominating petition, declaration of intent to be a write-in candidate, or any other document relating to the conduct of elections.

Sec. 42. Minnesota Statutes 2000, section 367.03, subdivision 6, is amended to read:

Subd. 6. **VACANCIES.** (a) When a vacancy occurs in a town office, the town board shall fill the vacancy by appointment. Except as provided in paragraph (b), the person appointed shall hold office until the next annual town election, when a successor shall be elected for the unexpired term.

(b) When a vacancy occurs in a town office:

(1) with more than one year remaining in the term; and

(2) on or after the 14th day before the first day to file an affidavit of candidacy for the town election;

the vacancy must be filled by appointment. The person appointed serves until the next annual town election following the election for which affidavits of candidacy are to be filed, when a successor shall be elected for the unexpired term.

(c) A vacancy in the office of supervisor shall must be filled by an appointment committee comprised of the remaining supervisors and the town clerk until the next annual town election, when a successor shall be elected for the unexpired term.

(d) Any person appointed to fill the vacancy in the office of supervisor must, upon assuming the office, be an eligible voter, be 21 years of age, and have resided in the town for at least 30 days.

(e) When, because of a vacancy, more than one supervisor is to be chosen at the same election, candidates for the offices of supervisor shall file for one of the specific terms being filled.

(f) Law enforcement vacancies shall must be filled by appointment by the town board.

Sec. 43. APPLICATION OF NEW DEFINITIONS OF MAJOR AND MINOR POLITICAL PARTY.

Notwithstanding the amendments in this article to Minnesota Statutes, section 200.02, subdivisions 7 and 23:

(1) a political party that qualified as a major political party as a result of the votes cast for candidates of that party on November 7, 2000, remains a major political party through December 31, 2002, and may retain its status after that date by complying with Minnesota Statutes, section 200.02, subdivision 7;

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

(2) a major political party that ceased to qualify as a major political party as a result of votes cast for candidates of that party on November 7, 2000, does not become a major political party as a result of this article until it qualifies at a subsequent state general election;

(3) a minor political party that ceased to qualify as a minor political party under Minnesota Statutes, section 200.02, subdivision 23, or as a political party under Minnesota Statutes, section 200.02, subdivision 6, as a result of the votes cast for candidates of that party on November 7, 2000, does not become a minor political party or a political party as a result of this article until it qualifies at a subsequent state general election.

Sec. 44. REPEALER.

(a) Minnesota Statutes 2000, sections 204B.06, subdivision 1a, and 204C.15, subdivision 2a, are repealed.

(b) Minnesota Rules, part 8250.1400, is repealed.

Sec. 45. EFFECTIVE DATE.

Sections 1 to 25 and 27 to 44 are effective January 1, 2002. Section 26 is effective July 1, 2001.

Presented to the governor June 30, 2001

Signed by the governor June 30, 2001, 8:50 p.m.

CHAPTER 11—S.F.No. 21

VETOED

CHAPTER 12—H.F.No. 8

An act relating to capital improvements; authorizing spending for public purposes, including, but not limited to, acquiring and bettering public land and buildings and other public improvements of a capital nature with certain conditions; authorizing the sale of state bonds; appropriating money; reenacting certain corrections made by Laws 2000, chapter 499, sections 12, 15, 17, and 18; amending Minnesota Statutes 2000, section 16B.335, subdivision 1; Laws 1998, chapter 404, section 23, subdivision 30; Laws 2000, chapter 492, article 1, section 7, subdivision 3.

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

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