

for the purpose of removing an alleged cloud on the title to said land in which the state has no legal interest.

Approved May 21, 1963.

CHAPTER 793—S. F. No. 99

[Coded]

An act relating to employees of certain public hospitals, members of the public employees retirement association, and providing for coverage under the old age, survivors, and disability insurance provisions of Title II of the federal social security act, and appropriating money therefor.

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

Section 1. **[269.71] Public hospital employees; social security coverage; definitions.** Subdivision 1. For the purposes of sections 1 to 19, the terms defined in this section have the meaning ascribed to them.

Subd. 2. "Hospital employee" means any officer or employee of a public hospital who performs services in any position covered by the public employees retirement association.

Subd. 3. "Public hospital" means any hospital owned or operated by, or which is an integral part of, any political subdivision, or political subdivisions.

Subd. 4. "Political subdivision" means any political subdivision as defined in section 218 of the social security act, and includes any city, village, borough, county, town, hospital district, or other body, politic and corporate.

Subd. 5. "State agency" means the commissioner of administration.

Subd. 6. "Enabling act" means the act of this state entitled, "An act to provide for the coverage of certain officers and employees of the state and local governments under the old age and survivors insurance provisions of Title II of the federal social security act, as amended, and appropriating moneys therefor" which is codified in Minnesota Statutes 1961, Sections 269.01 to 269.07 and acts amendatory thereof.

Sec. 2. **[269.72] Separate system for hospital employees.** In accordance with section 218 (d) (6) (A) or section 218 (d)

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(6) (B) of the social security act, the hospital employees of each public hospital are deemed to be covered by a separate retirement system for the employees of such hospital, notwithstanding the provisions of Minnesota Statutes, Section 269.42, Clause (a).

Sec. 3. [269.73] **Referendum.** Subdivision 1. Pursuant to the provisions of the enabling act, the governor shall designate an agency or an individual to supervise a referendum in accordance with the provisions of section 218 (d) (6) (C) of the social security act for the employees of such public hospital after a petition is received as provided in subdivision 2 or 3.

Subd. 2. At least 35 percent of the employees of any public hospital may petition the governor to conduct a referendum pursuant to section 218 (d) (6) (C) of the social security act to be held on the date to be set by him in accordance with the requirements of said act.

Subd. 3. The governing body of any public hospital may petition the governor to conduct a referendum pursuant to section 218 (d) (6) (C) of the social security act to be held at a date to be set by him in accordance with the requirements of said act.

Subd. 4. No more than one referendum shall be held in each 12 month period for the hospital employees of any one public hospital.

Subd. 5. After a referendum is conducted as herein provided and the positions in such public hospital are included in the agreement with the secretary of health, education, and welfare, any hospital employee so covered may terminate his membership in the public employees retirement association. Any hospital employee employed in such hospital after the date of execution of such agreement may also terminate his membership in the public employees retirement association. In the event of such termination of membership, the hospital employee may leave his accumulated deductions with the public employees retirement fund and receive a deferred annuity when qualified and otherwise eligible pursuant to Minnesota Statutes 1961, Chapter 353, and acts amendatory thereof, or he may receive a refundment of his accumulated deductions, if any.

Sec. 4. [269.74] **Notice of referendum.** Subdivision 1. The notice of referendum required by section 218 (d) of the social security act which is to be given to the hospital employees shall contain a statement in such form as the agency or individual designated to supervise the referendum shall deem necessary and sufficient to inform the hospital employees of the rights which accrue to them under the social security act. The statement shall also inform the

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hospital employees of the effect that coverage under the social security act will have on their public retirement program.

Subd. 2. In accordance with section 218 (d) (6) (C) of the social security act, the state agency shall divide into two divisions or parts each deemed retirement system consisting of employees of hospitals as herein provided whose employees are covered by the public employees retirement association established by Minnesota Statutes 1961, Chapter 353, and acts amendatory thereof. One division or part of such deemed retirement system shall be composed of positions of members of such system who desire coverage under an agreement pursuant to sections 3 and 6 of this act. The other division or part of such retirement system shall be composed of positions of members of such system who do not desire coverage under such agreement. Each division or part shall be deemed to be a separate retirement system for the purposes of section 218 (d) of the social security act. There shall be included in such division or part composed of members desiring such coverage, the positions of individuals who become employees of any public hospital in which a referendum was conducted after such coverage is extended, with the exception of positions of individuals which under the social security act may not be included in an agreement between the state and secretary of health, education, and welfare.

Subd. 3. In accordance with section 218 (d) (6) (F) of the social security act, as amended, and in case such a deemed retirement system is so divided into two parts, as hereinbefore provided, the position of any member of the division or part composed of positions of members who do not desire coverage may be transferred to the separate retirement system composed of members who desire such coverage; and a modification of agreement between the state and the secretary of health, education, and welfare may so provide, but only if prior to such modification or such later modification, as the case may be, the individual occupying such position files with the state agency a written request for such transfer.

Sec. 5. [269.75] **Certification by governor.** If the governor receives satisfactory evidence that the conditions specified in section 218 (d) (7) of the social security act have been met he shall so certify to the secretary of health, education, and welfare.

Sec. 6. [269.76] **State-federal agreement.** Upon such certification the state agency or individual so designated, with the approval of the governor, shall be authorized to enter into an agreement with the secretary of health, education, and welfare or modify any such agreement previously made with respect to the employment by state employees, public employees, and educational employees. The agreement or modification authorized hereunder shall

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take effect retroactively and apply to all employment performed after December 31 of the year prior to the date of the agreement or modification, by the employees who are such on that date and shall include within its application, effective with the date of entry into service as a hospital employee, all employment by such hospital employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof. The agreement under this act shall not apply to services in positions the compensation for which is on a fee basis.

Sec. 7. [269.77] Retroactive employer-employee contributions. Subdivision 1. Effective retroactively with respect to employment after the date of retroactive coverage by hospital employees who are employed on the date of the agreement or modification and who are included within such agreement or modification, the board of trustees of the public employees retirement association shall pay out of its fund an amount for each hospital employee so included which is equal to the amount of employee tax which would have been imposed by the federal insurance contribution act, if such service constituted employment within the meaning of that act. This payment shall be computed from the date of retroactive coverage to the date that deductions are taken from the wages of each such hospital employee as provided in section 8. The amount so paid by the trustees shall be deducted from the accumulated deductions of each such member of the public employees retirement association. If the accumulated deductions of any member are not sufficient to pay for his retroactive contribution, such member shall pay the difference to the fund.

Subd. 2. Effective retroactively with respect to employment after the date of retroactive coverage by hospital employees who are employed on the date of the agreement or modification and who are included within such agreement or modification, the board of trustees of the public employees retirement association shall pay out of the fund an amount for each member which is equal to the amount of employer tax which would have been imposed by the federal insurance contributions act if such service constituted employment within the meaning of that act. This amount shall be computed from the date of retroactive coverage to the date deductions are taken from wages as provided in section 8.

Subd. 3. The amounts herein required by this section are hereby appropriated from the public employees retirement fund and the trustees are hereby authorized to make the necessary disbursements and transfers therefor. The amounts so required shall be paid to the contribution fund provided for in the enabling act.

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Sec. 8. [269.78] Current employer-employee contributions. Subdivision 1. With respect to services performed after the date of execution of the agreement or modification, each public hospital shall be obligated to pay employer contributions with respect to wages earned by hospital employees included in the agreement or modification in an amount equal to the employer taxes which would be imposed by the federal insurance contributions act if the services covered by the agreement or modification constituted employment within the meaning of the act. This amount shall be paid by the public hospital directly if it is a political subdivision with the powers under law to raise revenue by taxes or it shall be paid by the political subdivision operating the public hospital if such hospital does not have the power under law to raise revenue by taxes. Contributions so made shall be paid into the contribution fund provided for in the enabling act.

Subd. 2. With respect to services performed after the date of execution of the agreement or modification, each hospital employee included in the agreement or modification shall pay contributions with respect to wages and the same shall be deducted from his wages as and when paid in an amount equal to the employee tax which would be imposed by the federal insurance contributions act if the services covered by the agreement or modification constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund provided for in the enabling act in partial discharge of the liability of the state and each political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the hospital employee, or the state or the political subdivision, from liability therefor.

Sec. 9. [269.79] Administrative costs of state agency. Each political subdivision employing hospital employees included in the agreement or modification or employing hospital employees who participated in a referendum shall reimburse the state agency for its pro rata share of the cost of administration of said agency in accordance with rules and regulations of the state agency. Such reimbursements shall be paid into the state agency's revolving fund.

Sec. 10. [269.80] Obligations of political subdivision. Each political subdivision is hereby authorized and directed to pay its obligations under sections 1 to 19 from moneys collected from taxes or other revenue. Each political subdivision authorized to levy taxes may include in its tax levy the amount necessary to pay such obligations. If the taxes authorized to be levied under this section cause the total amount of taxes levied to exceed any limitation whatsoever upon the power of the political subdivision to levy taxes, such political subdivision may levy taxes in excess of

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the limitation in such amounts as is necessary to meet its obligation under sections 1 to 19. The expenditures authorized to be made shall not be included in computing the cost of government as defined in any home rule charter or charter of any city affected thereby. The governing body of a municipality, for the purposes of meeting its obligations hereunder in the event of a deficit, may issue its obligations payable in not more than two years, in an amount which may cause its indebtedness to exceed any statutory or charter limitations without an election and may levy taxes to pay therefor in the manner provided in Minnesota Statutes, Section 475.61, and acts amendatory thereto.

Sec. 11. [269.81] **Delinquent payments.** Delinquent payments under sections 1 to 11 with interest at the rate of six percent per annum may be recovered by action in a court of competent jurisdiction against each and every political subdivision liable therefor or may at the request of the state agency be deducted from any other moneys payable to such political subdivision by any department or agency of the state.

Sec. 12. [269.82] **Scope and application.** Sections 12 to 19 apply to any hospital employee who is a member of the public employees retirement association, included in any agreement or modification made between the state and the secretary of health, education, and welfare, making the provisions of Title II of the federal social security act applicable to such hospital employee. Sections 12 to 19 also apply to any political subdivision employing such member. Except as otherwise specifically provided in sections 12 to 19, the provisions of Minnesota Statutes, Chapter 353, shall apply.

Sec. 13. [269.83] **Contributions by employer and employees.** Subdivision 1. The hospital employee contribution to the public employees retirement fund shall be an amount equal to three percent of the salary of every member. This contribution shall be made by deduction from salary. No deduction shall be made from any salary in excess of \$4,800 in any calendar year. Where any portion of a hospital employee member's salary is paid from other than public funds, such member's employee contribution shall be based on the entire salary received limited to \$4,800 in any calendar year.

Subd. 2. The employer contribution to the fund shall be an amount equal to three percent of the salary of each hospital employee member not exceeding \$4,800 in any calendar year.

Subd. 3. An additional contribution shall be made to the fund based on the salary of each such member not to exceed \$4,800

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in any calendar year for the purpose of amortizing the deficit in the fund. This contribution shall be made from funds available to the employing political subdivision. The amount of this additional contribution shall be the amounts specified below for the years noted:

- (a) 1963-65 2 percent
- (b) 1966 and after 1½ percent

Sec. 14. [269.84] **Retirement benefits.** Subdivision 1. The retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in subdivision 2 hereof on the basis of each hospital employee member's average salary for the period of his allowable service.

(a) For years prior to July 1, 1957, average salary for the purpose of determining a member's retirement annuity means the amount equivalent to the average of his highest salary upon which deductions are based for any five consecutive years prior to that date.

(b) For each year subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his retirement annuity means his salary not exceeding in any one year \$4,800 and for which he had made contributions to the retirement fund by payroll deductions.

(c) Average salary in no case shall exceed \$4,800.

Subd. 2. The average salary, as defined in subdivision 1, of any such member multiplied by the applicable percentages indicated below shall determine the amount of the annuity to which the member qualifying therefor is entitled:

Years of Allowable Service:	Percentages at the Rate of:
(a) First ten years	5/8 of 1 percent per year of service.
(b) Second ten years or completed months of service less than such period	7/8 of 1 percent per year of service.
(c) Third ten years or completed months of service less than such period	1.66 percent per year of service.
(d) Subsequent years or completed months of service less than such period	1.75 percent per year of service.

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Sec. 15. [269.85] **Optional retirement annuities.** The board of trustees shall establish optional annuities at retirement which shall take the form of an annuity payable for a period certain and for life thereafter; or as a joint and survivor annuity. Such optional forms shall be actuarily equivalent to the normal forms. In establishing these optional forms the board shall obtain the written recommendation of an approved actuary and these recommendations shall be a part of the permanent records of the board.

Sec. 16. [269.86] **Retirement before becoming eligible for social security.** Any hospital employee member who retires before he is eligible for social security retirement benefits may elect to receive retirement benefits from the association in an amount greater than his annuity computed on the basis of his age when he retires, provided in section 14. He shall exercise this option by making application to the board on a form provided by the board. This greater amount shall be the actuarial equivalent of the member's retirement annuity computed on the basis of his age when he retires. This greater amount shall be paid until the member reaches the age of 65, at which time the payment from the association shall be reduced. These annuities provided in this section shall be computed by an approved actuary.

Sec. 17. [269.87] **Payments after death.** Subdivision 1. Where a hospital employee member dies before retirement, there shall be paid to his beneficiary or legal representative, as the case may be, an amount equal to his accumulated deductions plus interest credited to this account to the date of death.

Subd. 2. Where a former hospital employee member dies after retirement, a death benefit shall be paid in accordance with his optional annuity selected pursuant to section 15 or any other reversionary annuity selected by the member before retirement.

Subd. 3. Under the terms of sections 12 to 19 there are no survivors benefits payable as such to the surviving spouse or dependent children of any deceased hospital employee member. However, any such member may provide for payments to a surviving spouse or any dependent child by selecting an appropriate annuity payable after his death to any such person in the manner authorized by the board as provided in section 15.

Sec. 18. [269.88] **Disability benefits.** The disability benefit shall be computed in the manner provided in section 14. The disability benefit shall be the "normal" annuity without reduction for each month the member is under age 65 at the time of retirement.

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Sec. 19. [269.89] **Military service credit.** After any agreement or modification is made, any hospital employee member given a leave of absence to enter military service and who returns to public service upon discharge from military service as provided in Minnesota Statutes, Section 192.262, may obtain credit for his period of military service but he shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. Such member may obtain such credit by paying into the fund an employee contribution based upon his salary at the date of return from military service. The amount of this contribution shall be three percent of his salary not to exceed \$4,800 in any fiscal year. In such cases the matching employer contribution and additional contribution shall be paid by the political subdivision employing such member upon his return to public service and the political subdivision involved is hereby authorized to appropriate money therefor.

Sec. 20. This act takes effect July 1, 1963.

Approved May 22, 1963.

CHAPTER 794—S. F. No. 237

An act relating to aid to dependent children; amending Minnesota Statutes 1961, Section 256.01, Subdivision 4; Section 256.12, Subdivision 14; Section 256.72; Section 256.73, Subdivision 2; Section 256.74, Subdivision 1; Section 256.81.

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

Section 1. Minnesota Statutes 1961, Section 256.01, Subdivision 4, is amended to read:

Subd. 4. **Aid to dependent children; duties as state agency.** The state agency shall:

(1) Supervise the administration of assistance to dependent children under Laws 1937, Chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

(2) May subpoena witnesses and administer oaths, make rules and regulations, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, Chapter 438. All rules and regulations made by the state agency shall be

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