

CHAPTER 181—H. F. No. 220

An act relating to payment of retirement allowances to employees of cities of the first class and to employees of any public corporation now or hereafter created which is composed of two or more contiguous cities of the first class; amending Minnesota Statutes 1941, Sections 422.03; 422.01, Subdivisions 2, 3, and 19; 422.05; and 422.13.

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

Section 1. Minnesota Statutes 1941, Section 422.03 and Section 422.01, Subdivisions 2 and 3, are amended to read as follows:

422.03. **Expense fund; retirement fund.** For the purposes of Sections 422.01 to 422.23, there shall be created an expense fund and a retirement fund. The "expense fund" shall consist of such amounts as shall be paid by the city on the basis of statements submitted by the retirement board to defray the expense of the administration of sections 422.01 to 422.23, exclusive of the payment of retirement allowances and of other benefits provided for in those sections. The "retirement fund" shall consist of such amounts as are deposited in the fund by or to the account of city employees and such amounts as shall be contributed by the city for the purpose of the paying of retirement allowances.

Sec. 2. Minnesota Statutes 1941, Section 422.01, Subdivision 19, is amended to read as follows:

Subdivision 19. **Employee.** "Employee" means each and every person not an elective officer of the city, paid by the city or any of its various boards, departments, or commissions, and any person employed by any of the various boards, departments, or commissions operating as a department of the city government or independently in care of any of its governmental activities the funds of which board, department, or commission are wholly, or in part, raised by taxation in such city, *or of any public corporation now or hereafter created in and for any two or more contiguous cities of the first class, the funds of which public corporation are in whole or in part raised by taxation upon the property in any such cities,* and each and all of the employees of such boards, departments, or commissions, the funds of which boards, departments, or commissions are raised wholly or in part by taxation upon the property in such city, shall be entitled to all the privileges conferred by sections 422.01 to 422.23 to the same extent as persons employed directly by the municipality.

Sec. 3. Minnesota Statutes 1941, Section 422.05, is amended to read as follows:

422.05. **Classification of employees.** Employees of the city shall be divided into a contributing class, a non-contributing class, and an exempt class.

The contributing class shall consist of all employees not included in either of the other two classes, and shall be subdivided into present incumbents, employees in the service of the city at the date sections 422.01 to 422.23 becomes effective therein, who elect to become contributors to and prospective beneficiaries of the fund created by sections 422.01 to 422.23, and future entrants, employees who enter the service of the city subsequent to the date sections 422.01 to 422.23 becomes effective therein.

Any employee in the service of any public corporation now or hereafter created in and for any two or more contiguous cities, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, may become a member of the contributing class by giving a written notice to the retirement board of his acceptance of and his desire to avail himself of the provisions of this act, within six months from the date of the passage of this amendment or of his employment, whichever is the later date.

The non-contributing class shall consist of all employees, including common laborers, whose individual pay or compensations do not exceed \$750.00 per annum; provided, however, that when the compensation of an employee who is paid on a monthly basis equals or exceeds \$62.50 per month on a 12-month basis, such employee shall be classified as a contributor and shall from and after such time contribute to the fund and assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as herein and in sections 422.01 to 422.23 specifically set forth.

From and after the end of the calendar year in which the average annual compensation of an employee who is paid on a day basis equals or exceeds \$750.00 per calendar year during his period of service with the city, such employee from and after such date shall be classified as a contributor and shall assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as in sections 422.01 to 422.23 specifically set forth.

Any employee in the non-contributing class may, upon written application filed with the retirement board prior to attaining the age of 50 years, elect to become a member of the

contributing class, and shall then assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as in sections 422.01 to 422.29 specifically set forth. Any employee in the non-contributing class who has attained the age of 50 years at the time of the passage of sections 422.01 to 422.23 shall have one year from and after such passage to make the election. Such election, when made, shall be final and irrevocable.

The exempt class shall consist of:

(1) Employees who are members of, or who are eligible to become members of, an organization or association on behalf of which a tax is levied against the city for the purpose of paying retirement allowances to disabled or superannuated employees;

(2) Persons filling elective positions. Any elective officer holding an elective position, as those terms are defined herein, who shall have filled such elective position for 20 years or more and who shall not have received as compensation for his services as such elective officer any sum or sums in excess of \$3,000 per annum, shall be entitled to retire upon the completion of 20 years of service on a service allowance. Such service allowance shall be computed and determined as provided for herein. Before receiving this service allowance such officer shall contribute to the fund herein provided for an amount which shall be equal to the amount of contributions to the fund which the elective officer would have made had he been a contributor to the fund since January 1, 1922, in accordance with the method of contribution herein provided for, plus four per cent compound interest;

(3) Persons serving without pay;

(4) Persons serving on executive boards;

(5) Pupil nurses, internes and staff physicians employed at the city hospitals;

(6) Employees in the service of the city at the time sections 422.01 to 422.23 are adopted, who, after such adoption, have not given written notice of a desire to accept the provisions of sections 422.01 to 422.23;

(7) Persons not citizens of the United States;

(8) *Employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class, who do not within six months from the date of the passage of this amendment, or the date when they enter the service*

of said corporation, whichever is later, give written notice to the retirement board of their acceptance of and desire to avail themselves of the provisions of this act.

Sec. 4. Minnesota Statutes 1941, Section 422.13, is amended to read as follows:

422.13. Financial responsibility of city; statements and estimates; tax levy. Interest as provided in sections 422.01 to 422.23 and the payment of all pensions, annuities, retirement allowances, refunds, and death benefits granted by the retirement board under the provisions of sections 422.01 to 422.23 are hereby made obligations of the city. All income, interest, and dividends derived from deposits and investments authorized by sections 422.01 to 422.23 shall be placed to the credit of the retirement fund.

Prior to August 31st of each successive year the retirement board shall prepare an itemized statement showing (1) the aggregate present worth of all retirement allowances and portions thereof chargeable against the city on behalf of employees who were retired during the 12 months ending with the last preceding month of June, (2) the net aggregate of the amounts credited to the employees and charged to the city during the preceding fiscal year, (3) the actuarial deficit or surplus for the preceding fiscal year and (4) an estimate of the administrative expense of the retirement board for the next succeeding fiscal year. This statement shall be submitted to the board of tax levy or other corresponding body on or before the first day of the next succeeding month of September, together with such recommendations as the retirement board deem advisable. The board of tax levy or other corresponding body shall thereupon make an appropriation for the benefit of the retirement fund which shall be not less than the sum of the estimated administrative expense and the net present worth of all retirement allowances and portions thereof chargeable against the city on behalf of employees who were granted allowances during the 12 months ending with the last preceding month of June, increased or decreased, as the case may be, by the actuarial deficit or surplus for the preceding fiscal year.

Except as herein and in the following paragraph set forth, no appropriation shall be made to pay the cost of retirement allowances or other benefits granted by this act to employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class who have elected to avail themselves of the benefits of this act as herein provided. The cost of retirement allowances and other benefits inuring to such employees shall be an obligation of and paid

by such public corporation. At such time as the retirement board shall fix and determine, such public corporation shall pay to the retirement fund the amount certified to such corporation by the retirement board as the cost of the retirement allowances and other benefits accrued and owing for the employees of such corporation.

Any employee of a public corporation created in and for the two contiguous cities of the first class, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, who was an employee as herein defined of a city of the first class prior to his employment by such public corporation, and who was a member of or had accrued benefits in an organized retirement fund of such city, shall be allowed credit in the retirement fund for such employment with a city in the same manner as though he had continued in the service of such city. The cost of that portion of the retirement allowance or other benefits accrued while such employee was in the service of the city shall be an obligation of the city, and a tax shall be levied and collected to discharge such obligation as herein provided.

It shall be the duty of the city council or other chief governing body of such city, in addition to all other taxes levied by such city, to annually levy a tax for such purpose and such tax when levied shall be extended upon the county lists and collected and enforced in the same manner as other taxes levied by such city are extended, collected and enforced. The proceeds of such taxes shall be paid into the city treasury to the credit of the retirement fund, which shall constitute and remain a special fund and shall be used only for the payment of obligations created, pursuant to the provisions of sections 422.01 to 422.23.

The rate of interest to be used as a basis for calculations, except as otherwise specified, shall be the average rate of interest received from the invested portion of the retirement fund, but not less than the average rate of interest paid by the banks of the city on savings deposits, calculated to the nearest one-fourth per cent.

Approved March 29, 1945.