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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3636

02/13/2024 Authored by Cha
The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act
1.2 relating to retirement; implementing recommendations of the state auditor's
1.3 volunteer firefighter working group; modifying provisions governing volunteer
1.4 firefighters relief associations; making conforming changes; amending Minnesota
1.5 Statutes 2022, sections 424A.001, subdivisions 4, 5, 8, 9, 10, by adding
1.6 subdivisions; 424A.003; 424A.01, subdivisions 1, 2, 5; 424A.015, subdivisions
1.7 1, 5, 7; 424A.016, subdivisions 2, 6; 424A.02, subdivisions 1, 3, 7, 9; 424A.021;
1.8 424A.092, subdivision 6; 424A.093, subdivision 6; 424A.094, subdivision 1;
1.9 424A.095, subdivision 2; 424A.10; 424B.22, subdivisions 2, 10; repealing
1.10 Minnesota Statutes 2022, section 424A.01, subdivision 5a.

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

1.12 ARTICLE 1
1.13 CLARIFYING REQUIREMENTS FOR BYLAWS AMENDMENTS

1.14 Section 1. Minnesota Statutes 2022, section 424A.092, subdivision 6, is amended to read:

1.15 Subd. 6. Municipal ratification for bylaws amendments. (a) The board of trustees of
1.16 a relief association may adopt an amendment to the articles of incorporation or bylaws that
1.17 increases the coverage, service pensions, or retirement benefits provided by the relief
1.18 association only after preparing an estimate of the expected increase in the financial
1.19 requirements and change to the accrued liability and the overall funding balance of the
1.20 special fund resulting from the amendment.

1.21 (b) For purposes of this subdivision, "financial requirements" "overall funding balance"
1.22 means the amount of the surplus or deficit calculated under subdivision 3, paragraph (e)
1.23 (b). "Accrued liability" means the amount calculated under subdivision 2 or 2a, as applicable.
1.24 "Estimate" means the estimate required in paragraph (a).

2.1 (c) If the special fund of a relief association to which this section applies ~~does not have~~
 2.2 ~~a surplus over~~ has a deficit from full funding under subdivision 3, paragraph (e) (b), clause
 2.3 ~~(5) (3), and or~~ if the municipality is required to provide financial support to the special fund
 2.4 ~~under this section~~ has a minimum obligation under subdivision 3, paragraph (d), the board
 2.5 ~~of trustees of the relief association may adopt an any~~ amendment to the articles of
 2.6 incorporation or bylaws adopted by the board of trustees that increases the coverage, service
 2.7 pensions, or retirement benefits provided by the relief association. ~~The amendment~~ is not
 2.8 effective until it is ratified by the governing body of the affiliated municipality or independent
 2.9 nonprofit firefighting corporation, as applicable. The governing body may ratify ~~such~~ the
 2.10 amendment only if the relief association has delivered to the governing body the estimate
 2.11 described in paragraphs (a) and (b), certified by an officer of the relief association.

2.12 (d) If the special fund of a relief association to which this section applies is fully funded
 2.13 or has a surplus over full funding under subdivision 3, paragraph (e) (b), clause (5) (3), and
 2.14 if the municipality is not required to provide financial support does not have a minimum
 2.15 obligation under subdivision 3, paragraph (d), to the special fund under this section, the
 2.16 relief association may adopt an amendment to the articles of incorporation or bylaws that
 2.17 increases the coverage, service pensions, or retirement benefits provided by the relief
 2.18 association. ~~(1) The amendment is effective if the municipality ratifies the amendment.~~ ~~(2)~~
 2.19 ~~The amendment is effective without municipal ratification if or, in the absence of municipal~~
 2.20 ratification, the amendment satisfies paragraph (e).

2.21 (e) An amendment satisfies this paragraph if the estimate described in paragraphs (a)
 2.22 and (b) demonstrates that the amendment will not cause:

2.23 (1) the amount of the resulting increase in the accrued liability of the special fund to
 2.24 exceed 90 percent of the amount of the surplus over full funding reported in the prior year;
 2.25 ~~and~~

2.26 (2) ~~the financial requirements of the special fund to exceed the expected amount of the~~
 2.27 ~~future fire state aid and police and firefighter retirement supplemental state aid to be received~~
 2.28 ~~by the relief association.~~ an increase in the minimum obligation of the municipality for the
 2.29 upcoming calendar year under subdivision 3, paragraph (d); and

2.30 (3) the special fund of the relief association to have a deficit from full funding under
 2.31 subdivision 3, paragraph (c), clause (5), on the day immediately following the adoption of
 2.32 the amendment.

2.33 (f) If a relief association amends the articles of incorporation or bylaws without municipal
 2.34 ratification under this subdivision; and, subsequent to the amendment, the ~~financial~~

3.1 ~~requirements of the special fund of the relief association under this section are such so as~~
 3.2 ~~to require financial support from~~ minimum obligation of the municipality under subdivision
 3.3 3, paragraph (d), increases, the provision which that was implemented without municipal
 3.4 ratification is no longer effective ~~and~~ on July 31. Any service pensions or retirement benefits
 3.5 payable after that date may be paid only in accordance with the articles of incorporation or
 3.6 bylaws as amended with municipal ratification.

3.7 **EFFECTIVE DATE.** This section is effective January 1, 2025.

3.8 Sec. 2. Minnesota Statutes 2022, section 424A.093, subdivision 6, is amended to read:

3.9 Subd. 6. **Municipal ratification for bylaws amendments.** (a) The board of trustees of
 3.10 a relief association may adopt an amendment to the articles of incorporation or bylaws that
 3.11 increases the coverage, service pensions, or retirement benefits provided by the relief
 3.12 association only after the board of trustees has had an updated actuarial valuation including
 3.13 the proposed change or an estimate of the expected actuarial impact of the proposed change
 3.14 prepared by the actuary of the relief association.

3.15 (b) If the special fund of a relief association to which this section applies ~~does not have~~
 3.16 ~~a surplus over~~ has a deficit from full funding under subdivision 4, and or if the municipality
 3.17 ~~is required to provide financial support to the special fund~~ has a minimum obligation under
 3.18 ~~this section subdivision 5, the board of trustees of the relief association may adopt an any~~
 3.19 amendment to the articles of incorporation or bylaws adopted by the board of trustees that
 3.20 increases the coverage, service pensions, or retirement benefits provided by the relief
 3.21 association. ~~The amendment~~ is not effective until it is ratified by the governing body of the
 3.22 affiliated municipality or independent nonprofit firefighting corporation, as applicable. The
 3.23 governing body may ratify ~~such~~ the amendment only if the relief association has delivered
 3.24 to the governing body the actuarial valuation or estimate described in paragraph (a), certified
 3.25 by an officer of the relief association.

3.26 (c) If the special fund of a relief association to which this section applies is fully funded
 3.27 or has a surplus over full funding under subdivision 4, and if the municipality ~~is~~ does not
 3.28 ~~required to provide financial support to the special fund~~ have a minimum obligation under
 3.29 ~~this section subdivision 5, the relief association may adopt an amendment to the articles of~~
 3.30 incorporation or bylaws that increases the coverage, service pensions, or retirement benefits
 3.31 provided by the relief association. The amendment is effective:

3.32 (1) if the municipality ratifies the amendment; or

3.33 (2) without municipal ratification if the amendment satisfies paragraph (d).

4.1 (d) An amendment satisfies this paragraph if the actuarial valuation or estimate described
 4.2 in paragraph (a) demonstrates that the amendment will not cause:

4.3 (1) the amount of the resulting increase in the accrued liability of the special fund to
 4.4 exceed 90 percent of the amount of the surplus over full funding reported in the prior year;
 4.5 ~~and~~

4.6 (2) ~~the financial requirements of the special fund to exceed the expected amount of the~~
 4.7 ~~future fire state aid and police and firefighter retirement supplemental state aid to be received~~
 4.8 ~~by the relief association.~~ an increase in the minimum obligation of the municipality for the
 4.9 upcoming calendar year; and

4.10 (3) the special fund of the relief association to have a deficit from full funding under
 4.11 subdivision 4 on the day immediately following the adoption of the amendment.

4.12 (e) If a relief association amends its articles of incorporation or bylaws without municipal
 4.13 ratification pursuant to this subdivision; and, subsequent to the amendment, the ~~financial~~
 4.14 ~~requirements of the special fund of the relief association under this section are such so as~~
 4.15 ~~to require financial support from~~ minimum obligation of the municipality increases under
 4.16 this section, the provision ~~which~~ that was implemented without municipal ratification is no
 4.17 longer effective ~~and~~ on July 31. Any service pensions or retirement benefits payable after
 4.18 that date may be paid only in accordance with the articles of incorporation or bylaws as
 4.19 amended with municipal ratification.

4.20 **EFFECTIVE DATE.** This section is effective January 1, 2025.

4.21 **ARTICLE 2**

4.22 **MODIFYING REQUIREMENTS FOR INVOLUNTARY TERMINATION OF A** 4.23 **RELIEF ASSOCIATION**

4.24 Section 1. Minnesota Statutes 2022, section 424B.22, subdivision 2, is amended to read:

4.25 Subd. 2. **Invuntary dissolution and termination.** (a) A relief association is dissolved
 4.26 and the retirement plan administered by the relief association is terminated automatically
 4.27 if:

4.28 (1) the fire department affiliated with a relief association is dissolved by action of the
 4.29 governing body of the municipality in which the fire department is located or by the
 4.30 governing body of the independent nonprofit firefighting corporation, whichever applies;
 4.31 or

4.32 (2) the fire department affiliated with a relief association has terminated the employment
 4.33 or services of all active members of the relief association.

5.1 (b) An involuntary termination of a relief association under this subdivision is effective
 5.2 on the December 31 that is at least eight months after the date on which the fire department
 5.3 is dissolved or the termination of employment or services of all active members of the relief
 5.4 association occurs. The board of trustees must comply with subdivisions 3 and 5 to 12. The
 5.5 board of trustees may comply with subdivision 4. The state auditor has the discretion to
 5.6 waive these requirements if the board of trustees requests a waiver in advance and provides
 5.7 adequate demonstration that meeting these requirements is not practicable.

5.8 (c) The retirement plan administered by a relief association is terminated automatically
 5.9 if the relief association is dissolved, effective on the date of the dissolution of the relief
 5.10 association.

5.11 **EFFECTIVE DATE.** This section is effective January 1, 2025.

5.12 Sec. 2. Minnesota Statutes 2022, section 424B.22, subdivision 10, is amended to read:

5.13 Subd. 10. **Supplemental benefits.** Within 60 days after the distribution of benefits under
 5.14 subdivision 8, the municipality or firefighting corporation with which the fire department
 5.15 is affiliated shall pay supplemental benefits under section 424A.10 to each participant and
 5.16 survivor who satisfies the requirements of section 424A.10, subdivision 2. A supplemental
 5.17 benefit is payable to each participant who receives a retirement benefit if the participant is
 5.18 at least age 50. A supplemental benefit is payable to each participant or survivor who
 5.19 receives, respectively, a disability benefit or survivor benefit without regard to any minimum
 5.20 age requirement. The commissioner of revenue shall reimburse the municipality or
 5.21 ~~independent nonprofit~~ firefighting corporation for all supplemental benefits paid as provided
 5.22 in section 424A.10, subdivision 3.

5.23 **EFFECTIVE DATE.** This section is effective for supplemental benefits reimbursed in
 5.24 calendar year 2025 and thereafter.

5.25 ARTICLE 3

5.26 MODIFYING INVESTMENT REPORT REQUIREMENTS

5.27 Section 1. Minnesota Statutes 2022, section 424A.095, subdivision 2, is amended to read:

5.28 Subd. 2. **Investment report.** (a) Annually, the state auditor must provide an investment
 5.29 report to each relief association that has complied with the reporting requirements under
 5.30 section 356.219, subdivisions 1 and 3. The investment report must contain the following
 5.31 information:

- 6.1 (1) the relief association's average annual rates of return for at least the previous one-,
 6.2 three-, five-, ten-, 15-, and 20-year periods for which the state auditor has investment
 6.3 information;
- 6.4 (2) the relief association's asset allocation;
- 6.5 (3) the average annual one-year and ten-year benchmark rates of return;
- 6.6 (4) the average annual one-year and ten-year rates of return for the statewide volunteer
 6.7 firefighter plan;
- 6.8 (5) the one-year and ten-year average annual rates of return for the State Board of
 6.9 Investment supplemental investment fund; and
- 6.10 (6) a graphical comparison between:
- 6.11 (i) the relief association's average annual rates of return for the previous year and for
 6.12 the previous multiyear periods provided under clause (1); and
- 6.13 (ii) the average annual rates of return for the same periods for the supplemental investment
 6.14 fund's balanced fund or any successor fund.
- 6.15 (b) The state auditor shall select the benchmark rates of return based on the best practice
 6.16 in the industry.
- 6.17 (c) An officer of the relief association's board of trustees must certify to the state auditor
 6.18 that the board reviewed the investment report. The certification must accompany the audited
 6.19 financial statements or detailed financial statement under section 424A.014, subdivision 1
 6.20 or 2, whichever applies. A copy of the report must be kept on file by the relief association
 6.21 and must be available for inspection by any member of the public.

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

6.23 **ARTICLE 4**

6.24 **MODIFYING REQUIREMENTS FOR INVESTMENT EARNINGS ON DEFERRED**

6.25 **PENSIONS**

6.26 Section 1. Minnesota Statutes 2022, section 424A.016, subdivision 6, is amended to read:

6.27 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a
 6.28 relief association who has separated from active service and membership and has completed
 6.29 the minimum service and membership requirements in subdivision 2. The requirement that
 6.30 a member separate from active service and membership is waived for persons who have
 6.31 discontinued their volunteer firefighter duties and who are employed on a full-time basis
 6.32 under section 424A.015, subdivision 1.

7.1 (b) A deferred member is entitled to receive a deferred service pension when the member
 7.2 reaches at least age 50, or at least the minimum age specified in the bylaws governing the
 7.3 relief association if that age is greater than age 50, and makes a valid written application.

7.4 (c) A defined contribution relief association must credit interest or additional investment
 7.5 performance on the deferred lump-sum service pension during the period of deferral for all
 7.6 deferred members on or after January 1, 2021. A defined contribution relief association
 7.7 may specify in its bylaws the method by which it will credit interest or additional investment
 7.8 performance to the accounts of deferred members. Such method shall be limited to one of
 7.9 the three methods provided in this paragraph. In the event the bylaws do not specify a
 7.10 method, the interest or additional investment performance must be credited using the method
 7.11 defined in clause (3). The permissible methods are:

7.12 (1) at the investment performance rate actually earned on that portion of the assets if the
 7.13 deferred benefit amount is invested by the relief association in a separate account established
 7.14 and maintained by the relief association;

7.15 (2) at the investment performance rate actually earned on that portion of the assets if the
 7.16 deferred benefit amount is invested in a separate investment vehicle held by the relief
 7.17 association; or

7.18 (3) at the investment return on the assets of the special fund of the defined contribution
 7.19 ~~volunteer firefighters~~ relief association in proportion to the share of the assets of the special
 7.20 fund to the credit of each individual deferred member account ~~through the accounting date~~
 7.21 ~~on which the investment return is recognized by and credited to the special fund.~~

7.22 (d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw
 7.23 amendments made in accordance with paragraph (c) on or before January 1, 2022, shall
 7.24 apply to members already in deferred status as of January 1, 2021.

7.25 (e) Unless the bylaws provide differently, ~~the dates that will be used by a relief association~~
 7.26 ~~in determining the creditable amount of interest or additional investment performance on~~
 7.27 ~~a~~ must be allocated to each deferred member account beginning on the date that the member
 7.28 separates from active service and membership and ending on the last date that the deferred
 7.29 member account is valued before the final distribution of the deferred service pension shall
 7.30 be as follows:

7.31 ~~(1) for a relief association that has elected to credit interest or additional investment~~
 7.32 ~~performance under paragraph (c), clause (1) or (3), beginning on the date that the member~~
 7.33 ~~separates from active service and membership and ending on the accounting date immediately~~
 7.34 ~~before the deferred member commences receipt of the deferred service pension; or~~

8.1 ~~(2) for a relief association that has elected to credit interest or additional investment~~
 8.2 ~~performance under paragraph (c), clause (2), beginning on the date that the member separates~~
 8.3 ~~from active service and membership and ending on the date that the separate investment~~
 8.4 ~~vehicle is valued immediately before the date on which the deferred member commences~~
 8.5 ~~receipt of the deferred service pension.~~

8.6 **EFFECTIVE DATE.** This section is effective January 1, 2025.

8.7 **ARTICLE 5**
 8.8 **MODIFYING DEFINITIONS FOR CHAPTER 424A AND MAKING CONFORMING**
 8.9 **CHANGES**

8.10 Section 1. Minnesota Statutes 2022, section 424A.001, subdivision 4, is amended to read:

8.11 Subd. 4. **Relief association.** (a) "Relief association" or "~~volunteer~~ firefighters relief
 8.12 association" means a ~~volunteer~~ firefighters relief association or a ~~volunteer~~ firefighters
 8.13 ~~division or account of a partially-salaried and partially-volunteer firefighters relief association~~
 8.14 that is:

8.15 (1) organized and incorporated as a nonprofit corporation to provide retirement benefits
 8.16 to volunteer firefighters and paid on-call firefighters under chapter 317A and any laws of
 8.17 the state;

8.18 (2) governed by this chapter and sections 424A.091 to 424A.095; and

8.19 (3) directly associated with:

8.20 (i) a fire department established by municipal ordinance;

8.21 (ii) an independent nonprofit firefighting corporation that is organized under the
 8.22 provisions of chapter 317A and that operates primarily for firefighting purposes; or

8.23 (iii) a fire department operated as or by a joint powers entity that operates primarily for
 8.24 firefighting purposes.

8.25 (b) "Relief association" or "~~volunteer~~ firefighters relief association" does not mean:

8.26 (1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter
 8.27 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965,
 8.28 chapter 446, as amended; or

8.29 (2) the statewide volunteer firefighter plan governed by chapter 353G.

9.1 (c) A relief association or ~~volunteer~~ firefighters relief association is a governmental
 9.2 entity that receives and manages public money to provide retirement benefits for individuals
 9.3 providing the governmental services of firefighting and emergency first response.

9.4 Sec. 2. Minnesota Statutes 2022, section 424A.001, subdivision 5, is amended to read:

9.5 Subd. 5. **Special fund.** "Special fund" means the special fund of a ~~volunteer~~ firefighters
 9.6 relief association ~~or the account for volunteer firefighters within the special fund of a partially~~
 9.7 ~~salaries and partially volunteer firefighters relief association.~~

9.8 Sec. 3. Minnesota Statutes 2022, section 424A.001, subdivision 8, is amended to read:

9.9 Subd. 8. **Firefighting service.** "Firefighting service;" ~~if the applicable municipality~~
 9.10 ~~approves for a fire department that is a municipal department, or if the applicable contracting~~
 9.11 ~~municipality or municipalities approve for a fire department that is an independent nonprofit~~
 9.12 ~~firefighting corporation, includes fire department service rendered~~ means duties performed
 9.13 by firefighters and, if approved by the appropriate municipality or municipalities, duties
 9.14 performed by fire prevention personnel.

9.15 Sec. 4. Minnesota Statutes 2022, section 424A.001, subdivision 9, is amended to read:

9.16 Subd. 9. **Separate from active service.** "Separate from active service" means that a
 9.17 firefighter permanently ceases to perform fire suppression duties ~~with a particular volunteer~~
 9.18 ~~fire department, permanently ceases to perform~~ and fire prevention duties and, permanently
 9.19 ceases to supervise fire suppression duties, and ~~permanently ceases to supervise~~ fire
 9.20 prevention duties with a particular fire department.

9.21 Sec. 5. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision
 9.22 to read:

9.23 Subd. 9b. **Firefighter.** "Firefighter" means a person who is a volunteer firefighter, paid
 9.24 on-call firefighter, part-time firefighter, full-time firefighter, career firefighter, or any
 9.25 combination thereof.

9.26 Sec. 6. Minnesota Statutes 2022, section 424A.001, subdivision 10, is amended to read:

9.27 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a ~~person~~ firefighter who
 9.28 ~~is a member of the applicable fire department or the independent nonprofit firefighting~~
 9.29 ~~corporation~~ does not receive compensation per call or hour for firefighting services but who
 9.30 may receive reimbursement for expenses, who has a choice of availability in providing

10.1 services with the fire department, and who is eligible for membership in the applicable a
 10.2 relief association and: associated with the fire department or participates in the statewide
 10.3 volunteer firefighter plan under chapter 353G.

10.4 ~~(i) is engaged in providing emergency response services or delivering fire education or~~
 10.5 ~~prevention services as a member of a fire department;~~

10.6 ~~(ii) is trained in or is qualified to provide fire suppression duties or to provide fire~~
 10.7 ~~prevention duties under subdivision 8; and~~

10.8 ~~(iii) meets any other minimum firefighter and service standards established by the fire~~
 10.9 ~~department or specified in the articles of incorporation or bylaws of the relief association.~~

10.10 Sec. 7. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision
 10.11 to read:

10.12 Subd. 10a. **Paid on-call firefighter.** "Paid on-call firefighter" means a firefighter who
 10.13 receives compensation per call or per hour for firefighting services, who has a choice of
 10.14 availability regarding the firefighter's hours or scheduled shifts in providing services with
 10.15 the fire department, and who is eligible for membership in a relief association associated
 10.16 with the fire department or participates in the statewide volunteer firefighter plan under
 10.17 chapter 353G.

10.18 Sec. 8. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision
 10.19 to read:

10.20 Subd. 10b. **Part-time firefighter.** "Part-time firefighter" means a firefighter who receives
 10.21 compensation per call or per hour for firefighting services, whose services with the fire
 10.22 department are scheduled, who is considered by the firefighter's employer to be in part-time
 10.23 employment, and who, as a result of providing firefighting services, is a member or is
 10.24 eligible to be a member of the general employees retirement plan or the public employees
 10.25 police and fire plan under chapter 353.

10.26 Sec. 9. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision
 10.27 to read:

10.28 Subd. 10c. **Full-time firefighter or career firefighter.** "Full-time firefighter" or "career
 10.29 firefighter" means a firefighter who receives compensation per hour or a salary for firefighting
 10.30 services, whose services with the fire department are scheduled and who, as a result of
 10.31 providing firefighting services, is a member or is eligible to be a member of the general
 10.32 employees retirement plan or the public employees police and fire plan under chapter 353.

11.1 Sec. 10. Minnesota Statutes 2022, section 424A.003, is amended to read:

11.2 **424A.003 CERTIFICATION OF SERVICE CREDIT.**

11.3 (a) When a municipal fire department, a joint powers fire department, or an independent
11.4 nonprofit firefighting corporation is directly associated with ~~the volunteer~~ a firefighters
11.5 relief association, the fire chief shall certify annually by March 31 the service credit for the
11.6 previous calendar year of each volunteer firefighter and paid on-call firefighter rendering
11.7 active service with the fire department.

11.8 (b) The certification shall be made to an officer of the relief association's board of trustees
11.9 and to the municipal clerk or clerk-treasurer of the largest municipality in population served
11.10 by the associated fire department.

11.11 (c) The fire chief shall notify each volunteer firefighter and paid on-call firefighter
11.12 rendering active service with the fire department of the amount of service credit rendered
11.13 by the firefighter for the previous calendar year. Upon request, the fire chief shall provide
11.14 the firefighter with a written explanation and documentation to support the determination
11.15 of service credit. The service credit notification and a description of the process and deadlines
11.16 for the firefighter to challenge the fire chief's determination of service credit must be provided
11.17 to the firefighter at least 21 days prior to its certification to the relief association and
11.18 municipality. If the service credit amount is challenged, the fire chief shall accept and
11.19 consider any additional pertinent information and shall make a final determination of service
11.20 credit.

11.21 (d) The service credit certification must be expressed as the number of completed months
11.22 of the previous year during which an active volunteer firefighter or paid on-call firefighter
11.23 rendered at least the minimum level of duties as specified and required by the fire department
11.24 under the rules, regulations, and policies applicable to the fire department. No more than
11.25 one year of service credit may be certified for a calendar year.

11.26 (e) If a volunteer firefighter or paid on-call firefighter who is a member of the relief
11.27 association leaves active firefighting service to render active military service that is required
11.28 to be governed by the federal Uniformed Services Employment and Reemployment Rights
11.29 Act, as amended, the firefighter must be certified as providing service credit for the period
11.30 of the military service, up to the applicable limit of the federal Uniformed Services
11.31 Employment and Reemployment Rights Act. If the volunteer firefighter or paid on-call
11.32 firefighter does not return from the military service in compliance with the federal Uniformed
11.33 Services Employment and Reemployment Rights Act, the service credits applicable to that

12.1 military service credit period are forfeited and canceled at the end of the calendar year in
 12.2 which the time limit set by federal law occurs.

12.3 Sec. 11. Minnesota Statutes 2022, section 424A.01, subdivision 1, is amended to read:

12.4 Subdivision 1. ~~Minors~~ **Membership eligibility.** ~~No volunteer~~ (a) A firefighter or any
 12.5 volunteer emergency medical personnel is eligible for membership in a firefighters relief
 12.6 association associated with a if the firefighter or volunteer emergency medical personnel
 12.7 satisfies the requirements of paragraph (b) or (c), as applicable, and is not otherwise
 12.8 prohibited from membership under this chapter.

12.9 (b) To be eligible for membership in a relief association, a firefighter must be a member
 12.10 of the fire department and:

12.11 (1) provide services as a volunteer firefighter or as a paid on-call firefighter, although
 12.12 the firefighter need not exclusively provide services as either a volunteer firefighter or a
 12.13 paid on-call firefighter;

12.14 (2) be engaged in providing emergency response services or delivering fire education
 12.15 or prevention services as a member of a fire department;

12.16 (3) be trained in or qualified to provide fire suppression duties or to provide fire
 12.17 prevention duties; and

12.18 (4) meet any other minimum firefighter and service standards established by the fire
 12.19 department or specified in the articles of incorporation or bylaws of the firefighters relief
 12.20 association.

12.21 (c) A volunteer emergency medical personnel is eligible to be a member of the firefighters
 12.22 relief association and to qualify for a service pension or other benefit coverage of the relief
 12.23 association on the same basis as fire department personnel who perform or supervise fire
 12.24 suppression or fire prevention duties if:

12.25 (1) the fire department employs or otherwise uses the services of the person solely as
 12.26 volunteer emergency medical personnel to perform emergency medical response duties or
 12.27 supervise emergency medical response activities;

12.28 (2) the bylaws of the firefighters relief association authorize the volunteer emergency
 12.29 medical personnel's eligibility; and

12.30 (3) the volunteer emergency medical personnel's eligibility is approved by:

12.31 (i) the municipality, a if the fire department is a municipal department;

13.1 (ii) the joint powers ~~entity~~ board, if the fire department is a joint powers entity; or

13.2 (iii) the contracting municipality or municipalities, if the fire department is an independent
 13.3 nonprofit firefighting corporation ~~may include as a~~.

13.4 (d) Minors are prohibited from membership in a firefighters relief association ~~member~~
 13.5 ~~a minor serving as a volunteer firefighter.~~

13.6 Sec. 12. Minnesota Statutes 2022, section 424A.01, subdivision 2, is amended to read:

13.7 Subd. 2. **Status of substitute ~~volunteer~~ firefighters.** No person who is serving as a
 13.8 substitute ~~volunteer~~ firefighter may be considered to be a firefighter for purposes of chapter
 13.9 477B or this chapter and no substitute ~~volunteer~~ firefighter is authorized to be a member of
 13.10 any ~~volunteer~~ firefighters relief association governed by chapter 477B or this chapter.

13.11 Sec. 13. Minnesota Statutes 2022, section 424A.01, subdivision 5, is amended to read:

13.12 Subd. 5. **Fire prevention personnel.** (a) If the applicable municipality or municipalities
 13.13 approve, the fire department may employ or otherwise utilize the services of persons as
 13.14 ~~volunteer~~ firefighters to perform fire prevention duties and to supervise fire prevention
 13.15 activities.

13.16 (b) ~~Personnel~~ Volunteer firefighters and paid on-call firefighters serving in fire prevention
 13.17 positions are eligible to be members of the applicable ~~volunteer firefighter~~ firefighters relief
 13.18 association and to qualify for service pension or other benefit coverage of the relief
 13.19 association on the same basis as fire department personnel who perform fire suppression
 13.20 duties.

13.21 (c) ~~Personnel~~ Volunteer firefighters and paid on-call firefighters serving in fire prevention
 13.22 positions also are eligible to receive any other benefits under the applicable law or practice
 13.23 for services on the same basis as personnel who are employed to perform fire suppression
 13.24 duties.

13.25 Sec. 14. Minnesota Statutes 2022, section 424A.015, subdivision 1, is amended to read:

13.26 Subdivision 1. **Separation from active service; exception.** (a) No service pension is
 13.27 payable to a person while the person remains an active member of the respective fire
 13.28 department, and a person who is receiving a service pension is not entitled to receive any
 13.29 other benefits from the special fund of the relief association.

13.30 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a service
 13.31 pension or disability benefit to a former member of the relief association if that person has

14.1 not separated from active service with the fire department to which the relief association is
14.2 directly associated, unless:

14.3 (1) the person discontinues volunteer firefighter and paid on-call firefighter duties with
14.4 the fire department and performs duties within the fire department on a part-time or full-time
14.5 basis;

14.6 (2) the governing body of the municipality, of the independent nonprofit firefighting
14.7 corporation, or of the joint powers entity has filed its determination with the board of trustees
14.8 of the relief association that the person's experience with and service to the fire department
14.9 in that person's part-time or full-time capacity would be difficult to replace; and

14.10 (3) the bylaws of the relief association were amended to provide for the payment of a
14.11 service pension or disability benefit for such part-time or full-time employees.

14.12 Sec. 15. Minnesota Statutes 2022, section 424A.015, subdivision 5, is amended to read:

14.13 Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association may
14.14 directly transfer on an institution-to-institution basis the eligible member's lump-sum pension
14.15 amount to the requesting member's account in the Minnesota deferred compensation plan,
14.16 if:

14.17 (1) the governing articles of incorporation or bylaws so provide;

14.18 (2) the ~~volunteer~~ firefighter participates in the Minnesota deferred compensation plan
14.19 at the time of retirement; and

14.20 (3) the applicable retiring firefighter requests in writing that the relief association do so.

14.21 Sec. 16. Minnesota Statutes 2022, section 424A.015, subdivision 7, is amended to read:

14.22 Subd. 7. **Combined service pensions.** (a) A member with credit for service as an active
14.23 firefighter in more than one ~~volunteer~~ firefighters relief association is entitled to a service
14.24 pension from each participating relief association if:

14.25 (1) the articles of incorporation or bylaws of the relief associations provide for such
14.26 combined service pensions;

14.27 (2) the applicable requirements of paragraphs (b) to (e) are met; and

14.28 (3) the member otherwise qualifies.

14.29 (b) A member receiving a service pension under this subdivision must be at least partially
14.30 vested under the bylaws of the first participating relief association on the date on which the

15.1 member terminates active service with that relief association. The service pension paid from
15.2 the first participating relief association shall be based on the years of active service accrued
15.3 in the first relief association and the vesting percentage applicable to those years of active
15.4 service.

15.5 (c) To receive a service pension from each subsequent relief association, the member
15.6 must be at least partially vested under the bylaws of the subsequent relief association, taking
15.7 into consideration the member's total service credit accrued in all participating relief
15.8 associations to the date the member terminates active service with the subsequent relief
15.9 association. The service pension paid from each subsequent relief association shall be based
15.10 on the years of active service accrued solely in that relief association and the vesting
15.11 percentage applicable to the combined amount of total service credit accrued in all of the
15.12 participating relief associations.

15.13 (d) The member must have one or more years of service credit in each participating
15.14 relief association. The service pension must be based on:

15.15 (1) for defined benefit relief associations, the service pension amount in effect for the
15.16 relief association on the date on which the member's active ~~volunteer~~ firefighting services
15.17 covered by that relief association terminate; and

15.18 (2) for defined contribution relief associations, the member's individual account balance
15.19 on the date on which the member's active ~~volunteer~~ firefighting services covered by that
15.20 relief association terminate.

15.21 (e) To receive a service pension under this subdivision, the member must become a
15.22 member of the subsequent relief association within two years of the date of termination of
15.23 active service with the prior relief association. If requested by the member or a subsequent
15.24 relief association, the secretary of each prior relief association must provide written notice
15.25 to the member and the subsequent relief association regarding the amount of active service
15.26 accrued by the member in the prior relief association.

15.27 Sec. 17. Minnesota Statutes 2022, section 424A.016, subdivision 2, is amended to read:

15.28 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
15.29 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
15.30 special fund a defined contribution service pension to each of its members who:

15.31 (1) separates from active service with the fire department;

15.32 (2) reaches age 50;

16.1 (3) completes at least five years of active service as an active member of the fire
16.2 department to which the relief association is associated;

16.3 (4) completes at least five years of active membership with the relief association before
16.4 separation from active service; and

16.5 (5) complies with any additional conditions as to age, service, and membership that are
16.6 prescribed by the bylaws of the relief association.

16.7 (b) In the case of a member who has completed at least five years of active service as
16.8 an active member of the fire department to which the relief association is associated on the
16.9 date that the relief association is established and incorporated, the requirement that the
16.10 member complete at least five years of active membership with the relief association before
16.11 separation from active service may be waived by the board of trustees of the relief association
16.12 if the member completes at least five years of inactive membership with the relief association
16.13 before the date of the payment of the service pension. During the period of inactive
16.14 membership, the member is not entitled to receive any disability benefit coverage, is not
16.15 entitled to receive additional individual account allocation of fire state aid or municipal
16.16 contribution ~~towards~~ toward a service pension, and is considered to have the status of a
16.17 person entitled to a deferred service pension.

16.18 (c) The service pension earned by a ~~volunteer~~ firefighter under this chapter and the
16.19 articles of incorporation and bylaws of the relief association may be paid whether or not
16.20 the municipality or independent nonprofit firefighting corporation to which the relief
16.21 association is associated qualifies for the receipt of fire state aid under chapter 477B.

16.22 Sec. 18. Minnesota Statutes 2022, section 424A.016, subdivision 6, is amended to read:

16.23 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a
16.24 relief association who has separated from active service and membership and has completed
16.25 the minimum service and membership requirements in subdivision 2. The requirement that
16.26 a member separate from active service and membership is waived for persons who have
16.27 discontinued their volunteer firefighter and paid on-call firefighter duties and who are
16.28 employed on a part-time or full-time basis under section 424A.015, subdivision 1.

16.29 (b) A deferred member is entitled to receive a deferred service pension when the member
16.30 reaches at least age 50, or at least the minimum age specified in the bylaws governing the
16.31 relief association if that age is greater than age 50, and makes a valid written application.

16.32 (c) A defined contribution relief association must credit interest or additional investment
16.33 performance on the deferred lump-sum service pension during the period of deferral for all

17.1 deferred members on or after January 1, 2021. A defined contribution relief association
17.2 may specify in its bylaws the method by which it will credit interest or additional investment
17.3 performance to the accounts of deferred members. Such method shall be limited to one of
17.4 the three methods provided in this paragraph. In the event the bylaws do not specify a
17.5 method, the interest or additional investment performance must be credited using the method
17.6 defined in clause (3). The permissible methods are:

17.7 (1) at the investment performance rate actually earned on that portion of the assets if the
17.8 deferred benefit amount is invested by the relief association in a separate account established
17.9 and maintained by the relief association;

17.10 (2) at the investment performance rate actually earned on that portion of the assets if the
17.11 deferred benefit amount is invested in a separate investment vehicle held by the relief
17.12 association; or

17.13 (3) at the investment return on the assets of the special fund of the defined contribution
17.14 ~~volunteer~~ firefighters relief association in proportion to the share of the assets of the special
17.15 fund to the credit of each individual deferred member account through the accounting date
17.16 on which the investment return is recognized by and credited to the special fund.

17.17 (d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw
17.18 amendments made in accordance with paragraph (c) on or before January 1, 2022, shall
17.19 apply to members already in deferred status as of January 1, 2021.

17.20 (e) Unless the bylaws provide differently, the dates that will be used by a relief association
17.21 in determining the creditable amount of interest or additional investment performance on
17.22 a deferred service pension shall be as follows:

17.23 (1) for a relief association that has elected to credit interest or additional investment
17.24 performance under paragraph (c), clause (1) or (3), beginning on the date that the member
17.25 separates from active service and membership and ending on the accounting date immediately
17.26 before the deferred member commences receipt of the deferred service pension; or

17.27 (2) for a relief association that has elected to credit interest or additional investment
17.28 performance under paragraph (c), clause (2), beginning on the date that the member separates
17.29 from active service and membership and ending on the date that the separate investment
17.30 vehicle is valued immediately before the date on which the deferred member commences
17.31 receipt of the deferred service pension.

18.1 Sec. 19. Minnesota Statutes 2022, section 424A.02, subdivision 1, is amended to read:

18.2 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles
18.3 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined
18.4 benefit service pension to each of its members who: (1) separates from active service with
18.5 the fire department; (2) reaches age 50; (3) completes at least five years of active service
18.6 as an active member of the fire department to which the relief association is associated; (4)
18.7 completes at least five years of active membership with the relief association before
18.8 separation from active service; and (5) complies with any additional conditions as to age,
18.9 service, and membership that are prescribed by the bylaws of the relief association. A service
18.10 pension computed under this section may be prorated monthly for fractional years of service
18.11 as the bylaws or articles of incorporation of the relief association so provide. The bylaws
18.12 or articles of incorporation may define a "month," but the definition must require a calendar
18.13 month to have at least 16 days of active service. If the bylaws or articles of incorporation
18.14 do not define a "month," a "month" is a completed calendar month of active service measured
18.15 from the member's date of entry to the same date in the subsequent month. The service
18.16 pension earned by a ~~volunteer~~ firefighter under this chapter and the articles of incorporation
18.17 and bylaws of the ~~volunteer~~ firefighters relief association may be paid whether or not the
18.18 municipality or independent nonprofit firefighting corporation to which the relief association
18.19 is associated qualifies for the receipt of fire state aid under chapter 477B.

18.20 (b) In the case of a member who has completed at least five years of active service as
18.21 an active member of the fire department to which the relief association is associated on the
18.22 date that the relief association is established and incorporated, the requirement that the
18.23 member complete at least five years of active membership with the relief association before
18.24 separation from active service may be waived by the board of trustees of the relief association
18.25 if the member completes at least five years of inactive membership with the relief association
18.26 before the date of the payment of the service pension. During the period of inactive
18.27 membership, the member is not entitled to receive disability benefit coverage, is not entitled
18.28 to receive additional service credit ~~towards~~ toward computation of a service pension, and
18.29 is considered to have the status of a person entitled to a deferred service pension under
18.30 subdivision 7.

18.31 (c) No municipality, independent nonprofit firefighting corporation, or joint powers
18.32 entity may delegate the power to take final action in setting a service pension or ancillary
18.33 benefit amount or level to the board of trustees of the relief association or to approve in
18.34 advance a service pension or ancillary benefit amount or level equal to the maximum amount
18.35 or level that this chapter would allow rather than a specific dollar amount or level.

19.1 Sec. 20. Minnesota Statutes 2022, section 424A.02, subdivision 3, is amended to read:

19.2 Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph
19.3 (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in
19.4 its bylaws a service pension amount above the following maximum amounts:

19.5 (1) for a defined benefit relief association in which the governing bylaws provide for a
19.6 monthly service pension, the maximum monthly service pension amount per month for each
19.7 year of service credited is the lesser of \$100 or the maximum monthly service pension
19.8 amount that could be adopted by the relief association as a bylaws amendment that satisfies
19.9 section 424A.093, subdivision 6, paragraph (d); and

19.10 (2) for a defined benefit relief association in which the governing bylaws provide for a
19.11 lump-sum service pension, the maximum lump-sum service pension amount for each year
19.12 of service credited is the lesser of \$15,000 or the maximum lump-sum service pension
19.13 amount that could be adopted by the relief association as a bylaws amendment that satisfies
19.14 section 424A.092, subdivision 6, paragraph (e).

19.15 (b) A defined benefit relief association may set in its bylaws a service pension amount
19.16 that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only
19.17 if the service pension amount has been ratified by the municipality.

19.18 (1) For a defined benefit relief association that pays a monthly service pension, the
19.19 maximum monthly service pension amount per month for each year of service credited is
19.20 \$100.

19.21 (2) For a defined benefit relief association that pays a lump-sum service pension, the
19.22 maximum lump-sum service pension amount for each year of service credited is \$15,000.

19.23 (c) The method of calculating service pensions must be applied uniformly for all years
19.24 of active service. Credit must be given for all years of active service, unless the bylaws of
19.25 the relief association provide that service credit is not given for:

19.26 (1) years of active service in excess of caps on service credit; or

19.27 (2) years of active service earned by a former member who:

19.28 (i) has ceased duties as a volunteer firefighter and paid on-call firefighter with the fire
19.29 department before becoming vested under subdivision 2; and

19.30 (ii) has not resumed active service with the fire department and active membership in
19.31 the relief association for a period as defined in the relief association's bylaws, of not less
19.32 than five years.

20.1 Sec. 21. Minnesota Statutes 2022, section 424A.02, subdivision 7, is amended to read:

20.2 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association
20.3 is entitled to a deferred service pension if the member separates from active service and
20.4 membership and has completed the minimum service and membership requirements in
20.5 subdivision 1. The requirement that a member separate from active service and membership
20.6 is waived for persons who have discontinued their volunteer firefighter and paid on-call
20.7 firefighter duties and who are employed on a part-time or full-time basis under section
20.8 424A.015, subdivision 1.

20.9 (b) The deferred service pension is payable when the former member reaches at least
20.10 age 50, or at least the minimum age specified in the bylaws governing the relief association
20.11 if that age is greater than age 50, and when the former member makes a valid written
20.12 application.

20.13 (c) A defined benefit relief association that provides a lump-sum service pension governed
20.14 by subdivision 2c may, when its governing bylaws so provide, credit interest on the deferred
20.15 lump-sum service pension during the period of deferral. If provided for in the bylaws, interest
20.16 must be credited in one of the following manners:

20.17 (1) at the investment performance rate actually earned on that portion of the assets if the
20.18 deferred benefit amount is invested by the relief association in a separate account established
20.19 and maintained by the relief association;

20.20 (2) at the investment performance rate actually earned on that portion of the assets if the
20.21 deferred benefit amount is invested in a separate investment vehicle held by the relief
20.22 association; or

20.23 (3) at an interest rate of up to five percent, compounded annually, as set by the board of
20.24 trustees.

20.25 (d) Any change in the interest rate set by the board of trustees under paragraph (c), clause
20.26 (3), must be ratified by the governing body of the municipality or joint powers entity served
20.27 by the fire department to which the relief association is directly associated, or by the
20.28 independent nonprofit firefighting corporation, as applicable.

20.29 (e) Interest under paragraph (c), clause (3), is credited beginning on the January 1 next
20.30 following the date on which the deferred service pension interest rate as set by the board of
20.31 trustees was ratified by the governing body of the municipality or joint powers entity served
20.32 by the fire department to which the relief association is directly associated, or by the
20.33 independent nonprofit firefighting corporation, as applicable.

21.1 (f) Unless the bylaws of a relief association that has elected to credit interest or additional
 21.2 investment performance on deferred lump-sum service pensions under paragraph (c) specifies
 21.3 a different interest or additional investment performance method, including the interest or
 21.4 additional investment performance period starting date and ending date, the interest or
 21.5 additional investment performance on a deferred service pension is creditable as follows:

21.6 (1) for a relief association that has elected to credit interest or additional investment
 21.7 performance under paragraph (c), clause (1) or (3), beginning on the first day of the month
 21.8 next following the date on which the member separates from active service and membership
 21.9 and ending on the last day of the month immediately before the month in which the deferred
 21.10 member commences receipt of the deferred service pension; or

21.11 (2) for a relief association that has elected to credit interest or additional investment
 21.12 performance under paragraph (c), clause (2), beginning on the date that the member separates
 21.13 from active service and membership and ending on the date that the separate investment
 21.14 vehicle is valued immediately before the date on which the deferred member commences
 21.15 receipt of the deferred service pension.

21.16 (g) For a deferred service pension that is transferred to a separate account established
 21.17 and maintained by the relief association or separate investment vehicle held by the relief
 21.18 association, the deferred member bears the full investment risk subsequent to transfer and
 21.19 in calculating the accrued liability of the ~~volunteer~~ firefighters relief association that pays
 21.20 a lump-sum service pension, the accrued liability for deferred service pensions is equal to
 21.21 the separate relief association account balance or the fair market value of the separate
 21.22 investment vehicle held by the relief association.

21.23 Sec. 22. Minnesota Statutes 2022, section 424A.02, subdivision 9, is amended to read:

21.24 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, ~~including~~
 21.25 ~~any volunteer firefighters relief association governed by Laws 2013, chapter 111, article 5,~~
 21.26 ~~sections 31 to 42, or any volunteer firefighters division of a relief association governed by~~
 21.27 ~~chapter 424, and the Bloomington Fire Department Relief Association~~ may only pay ancillary
 21.28 benefits ~~which~~ that would constitute an authorized disbursement as specified in section
 21.29 424A.05 subject to the following requirements or limitations:

21.30 (1) with respect to a defined benefit relief association in which governing bylaws provide
 21.31 solely for a lump-sum service pension to a retiring member, or provide a retiring member
 21.32 the choice of either a lump-sum service pension or a monthly service pension and the
 21.33 lump-sum service pension was chosen, no ancillary benefit may be paid to any former
 21.34 member or paid to any person on behalf of any former member after the former member (i)

22.1 terminates active service with the fire department and active membership in the relief
22.2 association; and (ii) commences receipt of a service pension as authorized under this section;
22.3 and

22.4 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
22.5 payable to any member, to any former member, or to any person on behalf of any member
22.6 or former member, may exceed in amount the total earned service pension of the member
22.7 or former member. The total earned service pension must be calculated by multiplying the
22.8 service pension amount specified in the bylaws of the relief association at the time of death
22.9 or disability, whichever applies, by the years of service credited to the member or former
22.10 member. The years of service must be determined as of (i) the date the member or former
22.11 member became entitled to the ancillary benefit; or (ii) the date the member or former
22.12 member died entitling a survivor or the estate of the member or former member to an
22.13 ancillary benefit. The ancillary benefit must be calculated without regard to whether the
22.14 member had attained the minimum amount of service and membership credit specified in
22.15 the governing bylaws. For active members, the amount of a permanent disability benefit or
22.16 a survivor benefit must be equal to the member's total earned service pension except that
22.17 the bylaws of a defined benefit relief association may provide for the payment of a survivor
22.18 benefit in an amount not to exceed five times the yearly service pension amount specified
22.19 in the bylaws on behalf of any member who dies before having performed five years of
22.20 active service in the fire department with which the relief association is affiliated. For
22.21 deferred members, the amount of a permanent disability benefit or a survivor benefit must
22.22 be calculated using the service pension amount in effect on the date specified in section
22.23 424A.015, subdivision 6, unless the bylaws of the relief association specify a different
22.24 service pension amount to be used for the calculation.

22.25 (3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation
22.26 or bylaws, the benefit must be paid:

22.27 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

22.28 (B) as a survivor benefit to the surviving children of the deceased firefighter if no
22.29 surviving spouse;

22.30 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
22.31 surviving spouse or surviving children; or

22.32 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
22.33 surviving children and no beneficiary designated.

23.1 (ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly
 23.2 or partially, the spouse's entitlement to a survivor benefit.

23.3 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
 23.4 incorporation or bylaws, the benefit must be paid:

23.5 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

23.6 (B) as a survivor benefit to the surviving children of the deceased firefighter if no
 23.7 surviving spouse;

23.8 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
 23.9 surviving spouse or surviving children; or

23.10 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
 23.11 surviving spouse, no surviving children, and no beneficiary designated.

23.12 (ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly
 23.13 or partially, the spouse's entitlement to a survivor benefit.

23.14 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
 23.15 survivor benefit payable to a designated beneficiary, the relief association bylaws may limit
 23.16 the total survivor benefit amount payable.

23.17 (5) For purposes of this section, for a monthly benefit ~~volunteer fire~~ firefighters relief
 23.18 association or for a combination lump-sum and monthly benefit ~~volunteer fire~~ firefighters
 23.19 relief association where a monthly benefit service pension has been elected by or a monthly
 23.20 benefit is payable with respect to a firefighter, a designated beneficiary must be a natural
 23.21 person. For purposes of this section, for a lump-sum ~~volunteer fire~~ firefighters relief
 23.22 association or for a combination lump-sum and monthly benefit ~~volunteer fire~~ firefighters
 23.23 relief association where a lump-sum service pension has been elected by or a lump-sum
 23.24 benefit is payable with respect to a firefighter, a trust created under chapter 501C may be
 23.25 a designated beneficiary. If a trust is payable to the surviving children organized under
 23.26 chapter 501C as authorized by this section and there is no surviving spouse, the survivor
 23.27 benefit may be paid to the trust, notwithstanding a requirement of this section to the contrary.

23.28 Sec. 23. Minnesota Statutes 2022, section 424A.021, is amended to read:

23.29 **424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
 23.30 **SERVICE.**

23.31 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a volunteer
 23.32 firefighter or paid on-call firefighter who is absent from firefighting service due to service

24.1 in the uniformed services, as defined in United States Code, title 38, section 4303(13), may
 24.2 obtain service credit if the relief association is a defined benefit plan or an allocation by the
 24.3 relief association as though the person was an active member if the relief association is a
 24.4 defined contribution plan for the period of the uniformed service, not to exceed five years,
 24.5 unless a longer period is required under United States Code, title 38, section 4312.

24.6 Subd. 2. **Limitations.** (a) To be eligible for service credit or an allocation as though an
 24.7 active member under this section, the ~~volunteer~~ firefighter must return to firefighting service
 24.8 with coverage by the same relief association or by the successor to that relief association
 24.9 upon discharge from service in the uniformed service within the time frame required in
 24.10 United States Code, title 38, section 4312(e).

24.11 (b) Service credit or an allocation as though an active member is not authorized if the
 24.12 firefighter separates from uniformed service with a dishonorable or bad conduct discharge
 24.13 or under other than honorable conditions.

24.14 (c) Service credit or an allocation as though an active member is not authorized if the
 24.15 firefighter fails to provide notice to the fire department that the individual is leaving to
 24.16 provide service in the uniformed service, unless it is not feasible to provide that notice due
 24.17 to the emergency nature of the situation.

24.18 Sec. 24. Minnesota Statutes 2022, section 424A.094, subdivision 1, is amended to read:

24.19 Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit**
 24.20 **corporations.** (a) This section applies to any independent nonprofit firefighting corporation
 24.21 incorporated or organized under chapter 317A ~~which~~ that: (1) operates exclusively for
 24.22 firefighting purposes; (2) ~~which~~ is composed of volunteer firefighters, paid on-call
 24.23 firefighters, or both volunteer firefighters and paid on-call firefighters; and (3) ~~which~~ has
 24.24 a duly established separate subsidiary incorporated firefighters relief association ~~which~~ that
 24.25 provides retirement coverage for or pays a service pension to a retired firefighter or a
 24.26 retirement benefit to a surviving dependent of either an active or a retired firefighter, and
 24.27 ~~which~~ that is subject to the applicable provisions of chapter 424A.

24.28 (b) Notwithstanding any law to the contrary, a municipality contracting with an
 24.29 independent nonprofit firefighting corporation must be included in the distribution of fire
 24.30 state aid to the appropriate county auditor by the state auditor only if the independent
 24.31 nonprofit firefighting corporation complies with the provisions of this section.

25.1 Sec. 25. Minnesota Statutes 2022, section 424A.10, is amended to read:

25.2 **424A.10 STATE SUPPLEMENTAL BENEFIT; ~~VOLUNTEER FIREFIGHTERS.~~**

25.3 Subdivision 1. **Definitions.** For purposes of this section:

25.4 (1) "qualified recipient" means a ~~volunteer~~ firefighter who receives a lump-sum
25.5 distribution of pension or retirement benefits from a ~~volunteer~~ firefighters relief association
25.6 or from the statewide volunteer firefighter plan; and

25.7 (2) "survivor of a deceased active or deferred ~~volunteer~~ firefighter" means the surviving
25.8 spouse of a deceased active or deferred ~~volunteer~~ firefighter or, if none, the surviving child
25.9 or children of a deceased active or deferred ~~volunteer~~ firefighter, or, if none, the designated
25.10 beneficiary of the deceased active or deferred ~~volunteer~~ firefighter, or, if no beneficiary has
25.11 been designated, the estate of the deceased active or deferred ~~volunteer~~ firefighter;

25.12 (3) ~~"active volunteer firefighter" means a person who:~~

25.13 (i) ~~regularly renders fire suppression service, the performance or supervision of authorized~~
25.14 ~~fire prevention duties, or the performance or supervision of authorized emergency medical~~
25.15 ~~response activities for a fire department;~~

25.16 (ii) ~~has met the statutory and other requirements for relief association membership; and~~

25.17 (iii) ~~is deemed by the relief association under law and its bylaws to be a fully qualified~~
25.18 ~~member of the relief association or from the statewide volunteer firefighter plan for at least~~
25.19 ~~one month;~~

25.20 (4) ~~"deferred volunteer firefighter" means a former active volunteer firefighter who:~~

25.21 (i) ~~terminated active firefighting service, the performance or supervision of authorized~~
25.22 ~~fire prevention duties, or the performance or supervision of authorized emergency medical~~
25.23 ~~response activities; and~~

25.24 (ii) ~~has sufficient service credit from the applicable relief association or from the statewide~~
25.25 ~~volunteer firefighter plan to be entitled to a service pension under the bylaws of the relief~~
25.26 ~~association, but has not applied for or has not received the service pension; and~~

25.27 (5) ~~"volunteer firefighter" includes an individual whose services were utilized to perform~~
25.28 ~~or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and~~
25.29 ~~individuals whose services were used to perform emergency medical response duties or~~
25.30 ~~supervise emergency medical response activities if authorized under section 424A.01,~~
25.31 ~~subdivision 5a.~~

26.1 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a ~~volunteer~~
26.2 firefighters relief association or by the statewide volunteer firefighter plan of a lump-sum
26.3 distribution to a qualified recipient, the association or retirement plan, as applicable, must
26.4 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary,
26.5 the relief association must pay the supplemental benefit out of its special fund and the
26.6 statewide volunteer firefighter plan must pay the supplemental benefit out of the statewide
26.7 volunteer firefighter plan. This benefit is an amount equal to ten percent of the regular
26.8 lump-sum distribution that is paid on the basis of the recipient's service as a ~~volunteer~~
26.9 firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A
26.10 supplemental benefit under this paragraph may not be paid to a survivor of a deceased ~~active~~
26.11 ~~or deferred volunteer~~ firefighter in that capacity.

26.12 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
26.13 survivor benefit to a survivor of a deceased ~~active volunteer firefighter or of a deceased~~
26.14 ~~deferred volunteer~~ firefighter, the association or retirement plan, as applicable, must pay a
26.15 supplemental survivor benefit to the survivor of the deceased ~~active or deferred volunteer~~
26.16 firefighter from the special fund of the relief association and the retirement plan must pay
26.17 a supplemental survivor benefit to the survivor of the deceased ~~active or deferred volunteer~~
26.18 firefighter from the retirement fund if chapter 353G so provides. The amount of the
26.19 supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

26.20 (c) For purposes of this section, the term "regular lump-sum distribution" means the
26.21 pretax lump-sum distribution excluding any interest that may have been credited during a
26.22 ~~volunteer~~ firefighter's period of deferral.

26.23 (d) An individual may receive a supplemental benefit under paragraph (a) or under
26.24 paragraph (b), but not under both paragraphs with respect to one lump-sum ~~volunteer~~
26.25 firefighter benefit.

26.26 (e) If a qualified recipient receives more than one lump-sum distribution, the qualified
26.27 recipient is eligible to receive a supplemental benefit or supplemental survivor benefit,
26.28 whichever is applicable, with each lump-sum distribution. Each supplemental benefit shall
26.29 be calculated pursuant to paragraph (a) or (b), as applicable, and shall be subject to a separate
26.30 limit.

26.31 (f) Qualified recipients who elect to receive their lump-sum distribution in installments
26.32 under section 424A.016, subdivision 5, or 424A.02, subdivision 8, are eligible to receive
26.33 one supplemental benefit calculated on the total lump-sum distribution amount under
26.34 paragraph (a) or (b), as applicable.

27.1 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of
27.2 the amount of supplemental benefits paid under subdivision 2 during the preceding calendar
27.3 year, the ~~volunteer~~ firefighters relief association or the statewide volunteer firefighter plan
27.4 shall apply to the commissioner of revenue by February 15. By March 15, the commissioner
27.5 shall reimburse the relief association for the amount of the supplemental benefits paid by
27.6 the relief association to qualified recipients and to survivors of deceased ~~active or deferred~~
27.7 ~~volunteer~~ firefighters.

27.8 (b) The commissioner of revenue shall prescribe the form of and supporting information
27.9 that must be supplied as part of the application for state reimbursement. The commissioner
27.10 of revenue shall reimburse the relief association by paying the reimbursement amount to
27.11 the treasurer of the municipality where the association is located and shall reimburse the
27.12 retirement plan by paying the reimbursement amount to the executive director of the Public
27.13 Employees Retirement Association. Within 30 days after receipt, the municipal treasurer
27.14 shall transmit the state reimbursement to the treasurer of the association if the association
27.15 has filed a financial report with the municipality. If the relief association has not filed a
27.16 financial report with the municipality, the municipal treasurer shall delay transmission of
27.17 the reimbursement payment to the association until the complete financial report is filed.
27.18 If the association has dissolved or has been removed as a trustee of state aid, the treasurer
27.19 shall deposit the money in a special account in the municipal treasury, and the money may
27.20 be disbursed only for the purposes and in the manner provided in section 424A.08. When
27.21 paid to the association, the reimbursement payment must be deposited in the special fund
27.22 of the relief association and when paid to the retirement plan, the reimbursement payment
27.23 must be deposited in the retirement fund of the plan.

27.24 (c) A sum sufficient to make the payments is appropriated from the general fund to the
27.25 commissioner of revenue.

27.26 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided by this
27.27 section is in lieu of the state income tax exclusion for lump-sum distributions of retirement
27.28 benefits paid to ~~volunteer~~ firefighters.

27.29 (b) If the law is modified to exclude or exempt ~~volunteer~~ firefighters' lump-sum
27.30 distributions from state income taxation, the supplemental benefits under this section are
27.31 no longer payable, beginning with the first calendar year in which the exclusion or exemption
27.32 is effective. This subdivision does not apply to exemption of all or part of a lump-sum
27.33 distribution under section 290.032 or 290.0802.

28.1 Sec. 26. **REVISOR INSTRUCTION.**

28.2 In Minnesota Statutes, the revisor of statutes shall change the terms "volunteer firefighters
28.3 relief association," "volunteer firefighter relief association," "volunteer firefighters' relief
28.4 association," and "volunteer fire relief association" to "firefighters relief association"
28.5 wherever the terms appear. The revisor shall make any necessary grammatical changes or
28.6 changes to sentence structure necessary to preserve the meaning of the text as a result of
28.7 the changes.

28.8 Sec. 27. **REPEALER.**

28.9 Minnesota Statutes 2022, section 424A.01, subdivision 5a, is repealed.

28.10 Sec. 28. **EFFECTIVE DATE.**

28.11 Sections 1 to 27 are effective January 1, 2025.

424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.

Subd. 5a. **Volunteer emergency medical personnel.** Volunteer emergency medical personnel are eligible to be members of the applicable volunteer firefighters relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform or supervise fire suppression or fire prevention duties if:

(1) the fire department employs or otherwise uses the services of persons solely as volunteer emergency medical personnel to perform emergency medical response duties or supervise emergency medical response activities;

(2) the bylaws of the relief association authorize the eligibility; and

(3) the eligibility is approved by:

(i) the municipality, if the fire department is a municipal department;

(ii) the joint powers board, if the fire department is a joint powers entity; or

(iii) the contracting municipality or municipalities, if the fire department is an independent nonprofit firefighting corporation.