

CHAPTER 69

FIRE AND POLICE DEPARTMENT AID; RELIEF ASSOCIATIONS

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69.01 [Repealed, 1969 c 1001 s 11]

69.011 QUALIFYING FOR STATE AID.

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.
- (b) "Municipality" means:
 - (1) a home rule charter or statutory city;
 - (2) an organized town;
 - (3) a park district subject to chapter 398;
 - (4) the University of Minnesota;
 - (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;
 - (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
 - (7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and
 - (8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "Market value" means latest available market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program and police relief association financial reports:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Subd. 2. Qualification for fire or police state aid. (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

(c) Certification must be made to the commissioner on a form prescribed by the commissioner and shall include any other facts the commissioner may require. The certification must be made to the commissioner in duplicate. Each copy of the certificate must be duly executed and is deemed to be an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and shall retain one copy.

(d) On or before March 15 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by the commissioner together with the other facts the commissioner or auditor may require.

(e) Except as provided in subdivision 2b, on or before March 15 annually, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer may be included in the certification of the number of peace officers by more than one municipality or county for the same month.

Subd. 2a. [Repealed, 2010 c 359 art 11 s 27]

Subd. 2b. **Departments of Natural Resources and Public Safety.** (a) On or before each March 15, the commissioner of natural resources shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Enforcement Division and the commissioner of public safety shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Bureau of Criminal Apprehension, the Gambling Enforcement Division, and the State Patrol Division.

(b) The certification must be on a form prescribed by the commissioner. Peace officers certified under this paragraph must be included in the total certifications under subdivision 2.

Subd. 2c. **Ineligibility of certain police officers.** A police officer employed by the University of Minnesota who is required by the Board of Regents to be a member of the University of Minnesota faculty retirement plan is not eligible to be included in any police state-aid certification under this section.

Subd. 3. **Failure to file certificate deemed waiver.** If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the municipality or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days. The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the municipality or firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty will be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form cannot be used as a defense for not filing.

Subd. 4. **Qualification for state aid.** Any municipality in this state having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members, having a separate subsidiary incorporated firefighter's relief and pension association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan, may qualify to receive state aid if it meets the following minimum requirements or equivalent as determined by the state fire marshal by July 1, 1972:

- (a) ten paid or volunteer firefighters including a fire chief and assistant fire chief, and
- (b) regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment, and
- (c) a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps—tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, boots, and
- (d) apparatus suitably housed in a building of good construction with facilities for care of hose and equipment, and
- (e) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm, and

(f) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, the municipality has another piece of motorized apparatus to make the response, and

(g) other requirements the commissioner establishes by rule.

Subd. 5. [Repealed, 2005 c 136 art 9 s 15]

History: 1969 c 1001 s 2; 1971 c 695 s 1; Ex1971 c 6 s 1-3; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1976 c 315 s 1-3; 1977 c 429 s 4,5,6,3; 1981 c 68 s 3,4; 1981 c 224 s 19,27,4; 1982 c 424 s 14; 1982 c 460 s 1; 1983 c 101 s 1; 1983 c 113 s 1; 1984 c 592 s 64; 1985 c 248 s 70; 1985 c 261 s 1; 1986 c 359 s 4,5; 1986 c 444; 1Sp1986 c 3 art 1 s 11; 1987 c 268 art 2 s 19,20; 1988 c 719 art 5 s 84; 1989 c 277 art 1 s 3; 1989 c 329 art 13 s 20; 1991 c 291 art 13 s 1,2; 1992 c 596 s 1,2; 1994 c 498 s 1; 1997 c 233 art 1 s 6-8; 1Sp2001 c 10 art 5 s 1; 1Sp2005 c 8 art 4 s 1; art 10 s 2; 2008 c 349 art 14 s 2; 2009 c 169 art 9 s 3-5; 2010 c 359 art 12 s 6; 2012 c 286 art 12 s 1

69.02 [Repealed, 1969 c 1001 s 11]

69.021 REPORTING PREMIUMS; CALCULATION OF AID.

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports shall contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts the commissioner may require.

Subd. 2. **Report of premiums.** Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer. The Minnesota Firetown Premium Report shall contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums shall be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner. The Minnesota Aid to Police Premium Report shall contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.**
 (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer shall be liable and shall pay \$25 for each seven days delinquent or fraction thereof not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in this subdivision for knowingly filing an inaccurate or false report.

(b) Any insurer who knowingly makes and files an inaccurate or false report shall be liable to a fine of not less than \$25 nor more than \$1,000 and the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined not more than \$1,000. Failure of the insurer to receive a reporting form shall not excuse the insurer from filing the report.

Subd. 3a. [Repealed, 1987 c 268 art 2 s 38]

Subd. 4. Determination of qualified state aid recipients; certification to commissioner of management and budget. (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.

(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive, in the case of fire state aid.

Subd. 5. Calculation of state aid. (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by town and farmers' mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report, reduced by the amount required to pay the costs and expenses of the state auditor for audits or exams of police relief associations. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report after subtracting the amount required to pay the state auditor's cost and expenses of the audits or exams of the police relief associations.

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

Subd. 6. Calculation of apportionment of police state aid to counties. The police state aid available must be distributed to the counties in proportion to the relationship that the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county, bears to the total number of peace officers employed by all municipalities and counties, subject to any reduction under subdivision 10. Any necessary additional adjustments shall be made to subsequent apportionments.

Subd. 7. Apportionment of fire state aid to municipalities and relief associations.

(a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax-exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only

the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Subd. 7a. Apportionment of police state aid. Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality and to the county in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in

proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities and counties subject to any reduction under subdivision 10;

(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

Subd. 8. Population and market value. (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures are to be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of market value property figures, only the latest available market value property figures may be used.

Subd. 9. Appeal. In the event that a municipality, a county, a fire relief association, a police relief association, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality, fire department, or police department is located.

Subd. 10. Reduction in police state aid apportionment. (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police consolidation account governed by chapter 353A, and established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of the employer's total prior calendar year obligation under section 353A.09, subdivision 5, paragraphs (a) and (b), as certified by the executive director of the Public Employees Retirement Association;

(3) for municipalities in which police retirement coverage is provided by the public employees police and fire plan governed by sections 353.63 to 353.657, in which police retirement coverage was provided by a police consolidation account under chapter 353A before July 1, 1999, and for which the municipality has an additional municipal contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of any additional municipal contribution under section 353.665, subdivision 8, paragraph (b), until the year 2010, as certified by the executive director of the Public Employees Retirement Association;

(4) for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police relief association governed by sections 69.77 and 423A.01, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the public employees retirement association, plus the amount of the financial requirements of the relief association certified to the applicable municipality during the prior calendar year under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions deducted from the covered salary of the relief association during the prior calendar year under section 69.77, subdivision 3, as certified by the chief administrative officer of the applicable municipality;

(5) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(6) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those firefighters the applicable following amounts:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00

Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11
Thief River Falls	28,365.04
Virginia	31,164.46

Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

(d) If a police officer stress reduction program is created by law and money is appropriated for that program, an amount equal to that appropriation must be transferred to the administrator of that program from the balance in the excess police state-aid holding account.

(e) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the deductions under paragraphs (c) and (d) is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

(f) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c), (d), and (e), cancels to the general fund.

History: 1969 c 1001 s 3; 1971 c 695 s 2; Ex1971 c 6 s 4-7; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1976 c 315 s 4-6; 1977 c 429 s 6-8,63; 1981 c 68 s 5-8; 1981 c 224 s 274; 1982 c 460 s 2; 1983 c 289 s 114 subd 1; 1984 c 558 art 1 s 8; 1984 c 592 s 65-68; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1986 c 359 s 6,7; 1986 c 444; 1Sp1986 c 1 art 4 s 1-4; 1987 c 268 art 2 s 21-23; 1987 c 404 s 90; 1988 c 719 art 2 s 4; art 5 s 84; 1989 c 329 art 13 s 20; 1990 c 480 art 6 s 3; 1991 c 291 art 13 s 3-9; 1992 c 487 s 2,3; 1992 c 511 art 9 s 2,3; 1995 c 264 art 9 s 4,5; 1996 c 390 s 26-28; 1996 c 438 art 4 s 2; 1997 c 31 art 2 s 3; 1997 c 199 s 14; 1997 c 231 art 2 s 1; 1997 c 233 art 1 s 9-12; 1997 c 241 art 1 s 1-8; 1Sp1997 c 5 s 8; 1999 c 222 art 4 s 2; art 5 s 1; 2000 c 461 art 15 s 1; 2001 c 7 s 17; 1Sp2001 c 5 art 13 s 1; 2002 c 377 art 10 s 1; 2002 c 392 art 1 s 8; 2003 c 2 art 1 s 9,45 subd 5; 1Sp2003 c 14 art 6 s 1; 1Sp2005 c 8 art 10 s 3,4; 2007 c 147 art 19 s 13; 2009 c 101 art 2 s 109; 2009 c 169 art 9 s 6,7; 2010 c 359 art 12 s 7

69.03 [Repealed, 1969 c 1001 s 11]

69.031 COMMISSIONER OF MANAGEMENT AND BUDGET; WARRANT, APPROPRIATION, PAYMENT AND ADMINISTRATION.

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or to the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management

and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) The amount of state aid due and not paid by October 1 accrues interest at the rate of one percent for each month or part of a month the amount remains unpaid after October 1.

Subd. 2. [Repealed, 1Sp1985 c 13 s 376]

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue an amount sufficient to make the police and fire state aid payments specified in this section and section 69.021.

Subd. 4. [Repealed, 1Sp1986 c 1 art 4 s 48]

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) The municipal treasurer, upon receipt of the police state aid, shall disburse the police state aid in the following manner:

(1) For a municipality in which a local police relief association exists and all peace officers are members of the association, the total state aid must be transmitted to the treasurer of the relief association within 30 days of the date of receipt, and the treasurer of the relief association shall immediately deposit the total state aid in the special fund of the relief association;

(2) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

(3) For a municipality other than a city of the first class with a population of more than 300,000 in which both a police relief association exists and police retirement coverage is provided in part by the public employees police and fire fund, the municipality may elect at its option to transmit the total state aid to the treasurer of the relief association as provided in clause (1), to

use the total state aid to apply toward the municipality's employer contribution to the public employees police and fire fund subject to all the provisions set forth in clause (2), or to allot the total state aid proportionately to be transmitted to the police relief association as provided in this subdivision and to apply toward the municipality's employer contribution to the public employees police and fire fund subject to the provisions of clause (2) on the basis of the respective number of active full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total police state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of police officers covered by the fund each payroll period and to transmit the balance to the police relief association; or

(4) For a municipality in which police retirement coverage is provided in part by the public employees police and fire fund and in part by a local police consolidation account governed by chapter 353A and established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, the total police state aid must be applied towards the municipality's total employer contribution to the public employees police and fire fund and to the local police consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner shall allocate the police state aid first for employer contributions for employees funded from the general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

Subd. 6. [Repealed, 1984 c 592 s 94]

History: 1969 c 399 s 1; 1969 c 1001 s 4; 1971 c 695 s 3,4; Ex1971 c 6 s 8; 1973 c 492 s 14; 1976 c 315 s 7; 1977 c 429 s 9,63; 1981 c 68 s 9; 1981 c 224 s 20,21; 1Sp1981 c 4 art 1 s 59; 1982 c 424 s 15; 1984 c 558 art 1 s 9; 1984 c 655 art 2 s 12 subd 1; 1Sp1985 c 13 s 192; 1986 c 359 s 8; 1986 c 444; 1Sp1986 c 1 art 4 s 5,6; 1988 c 719 art 2 s 5; 1989 c 319 art 6 s 2; art 19 s 2; 1992 c 596 s 3; 1994 c 632 art 3 s 48; 1996 c 390 s 29,30; 1997 c 233 art 1 s 13; 1997 c

241 art 1 s 9-11; 1999 c 222 art 4 s 3; 2009 c 101 art 2 s 109; 2009 c 169 art 9 s 8,9; art 10 s 1; 2010 c 359 art 12 s 8; 2011 c 112 art 5 s 1

69.04 [Repealed, 1979 c 201 s 44]

69.041 SHORTFALL FROM GENERAL FUND.

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections 69.77, 69.771 to 69.775, or 353A.09, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 297I.05, subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

History: *2000 c 461 art 15 s 2; 2003 c 2 art 1 s 10*

69.05 [Repealed, 1969 c 1001 s 11]

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. **Financial report and audit.** (a) The board of each salaried firefighters relief association, police relief association, and volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior year or in any previous year, according to the applicable actuarial valuation or financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department or is a police relief association; or

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in its office for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show the sources and amounts of all money received; all disbursements, accounts payable and accounts receivable; the amount of money remaining in the treasury; total assets including a listing of all investments; the accrued liabilities; and all items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement required under paragraph (a) must be certified by an independent public accountant or auditor or by the auditor or accountant who regularly examines or audits the financial transactions of the municipality. In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report. The independent accountant or auditor must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire or police department.

(c) The detailed statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed statement required under paragraph (a) in the relief association office for public inspection and present it to the city council within 45 days after the close of the fiscal year, and must submit a copy of the detailed statement to the state auditor within 90 days of the close of the fiscal year.

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association will forfeit its current year state aid, and until the state auditor receives the required information, the relief or municipality will be ineligible to receive any future state aid. A municipality or police or firefighters' relief association shall not qualify initially to receive, or be entitled subsequently to retain, state aid pursuant to this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 1c. [Repealed, 2007 c 148 art 2 s 84]

Subd. 2. **Treasurers bond.** No treasurer of a relief association governed by section 69.77 shall enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law. No treasurer of a relief association governed by sections 69.771 to 69.776 shall enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 3. **Report by certain municipalities.** (a) Each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted under paragraph (b) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year, on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality shall not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements of section 353G.07.

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor in performing an audit or examination shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

History: 1969 c 1001 s 5; 1971 c 695 s 6; Ex1971 c 6 s 9; 1973 c 492 s 7; 1977 c 429 s 63; 1981 c 224 s 22,274; 1982 c 460 s 3,4; 1983 c 113 s 2,3; 1986 c 359 s 9; 1986 c 444; 1993 c 86 s 1; 1997 c 241 art 10 s 1-3; 1Sp2005 c 8 art 9 s 1,2; 2010 c 359 art 6 s 1; 2012 c 286 art 12 s 2-4

69.055 [Repealed, 1979 c 201 s 44]

69.06 [Repealed, 1979 c 201 s 44]

69.07 [Repealed, 1953 c 399 s 31]

69.08 [Repealed, 1953 c 399 s 31]

69.09 [Repealed, 1953 c 399 s 31]

69.10 [Repealed, 1953 c 399 s 31]

69.11 [Repealed, 1953 c 399 s 31]

69.12 [Repealed, 1953 c 399 s 31]

69.13 [Repealed, 1953 c 399 s 31]

69.22 [Repealed, 1979 c 201 s 44]

69.23 [Repealed, 1979 c 201 s 44]

69.24 [Repealed, 1979 c 201 s 44]

69.25 [Repealed, 2002 c 392 art 1 s 9]

69.26 [Repealed, 2002 c 392 art 1 s 9]

69.27 [Repealed, 2002 c 392 art 1 s 9]

69.28 [Repealed, 2002 c 392 art 1 s 9]

69.29 [Repealed, 2002 c 392 art 1 s 9]

69.30 [Repealed, 2002 c 392 art 1 s 9]

69.31 [Repealed, Ex1971 c 6 s 11]

69.32 [Repealed, 2002 c 392 art 1 s 9]

69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.

The commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

History: (3750-9) 1933 c 177 s 9; 1973 c 492 s 14; 1977 c 429 s 63; 1986 c 444; 1Sp2005 c 8 art 10 s 5; 2009 c 101 art 2 s 109

69.34 [Repealed, 1969 c 1001 s 11]

69.35 [Repealed, 1969 c 1001 s 11]

69.36 [Repealed, 1989 c 277 art 4 s 80]

69.361 [Repealed, 2002 c 392 art 1 s 9]

69.37 [Repealed, 2002 c 392 art 1 s 9]

69.38 [Repealed, 2002 c 392 art 1 s 9]

69.39 [Repealed, 2002 c 392 art 1 s 9]

69.40 [Repealed, 2002 c 392 art 1 s 9]

- 69.41 [Repealed, 2002 c 392 art 1 s 9]
- 69.42 [Repealed, 2002 c 392 art 1 s 9]
- 69.43 [Repealed, 2002 c 392 art 1 s 9]
- 69.44 [Repealed, 2002 c 392 art 1 s 9]
- 69.45 [Repealed, 2002 c 392 art 1 s 9]
- 69.46 [Repealed, 2002 c 392 art 1 s 9]
- 69.47 [Repealed, 2002 c 392 art 1 s 9]
- 69.48 [Repealed, 2002 c 392 art 1 s 9]
- 69.485 [Repealed, 1953 c 80 s 3]
- 69.49 [Repealed, 2002 c 392 art 1 s 9]
- 69.50 [Repealed, 2002 c 392 art 1 s 9]
- 69.51 [Repealed, 2002 c 392 art 1 s 9]
- 69.52 [Repealed, 2002 c 392 art 1 s 9]
- 69.53 [Repealed, 2002 c 392 art 1 s 9]
- 69.54 [Repealed, 2000 c 394 art 2 s 28]
- 69.55 [Repealed, 2000 c 394 art 2 s 28]
- 69.56 [Repealed, 2000 c 394 art 2 s 28]
- 69.57 [Unnecessary]
- 69.57 [Repealed, 2000 c 394 art 2 s 28]
- 69.58 [Repealed, 2000 c 394 art 2 s 28]
- 69.59 [Repealed, 2000 c 394 art 2 s 28]
- 69.60 [Repealed, 2000 c 394 art 2 s 28]
- 69.61 [Repealed, 2000 c 394 art 2 s 28]
- 69.62 [Repealed, 2002 c 392 art 1 s 9]
- 69.66 [Repealed, 1979 c 201 s 44]
- 69.67 [Repealed, 1979 c 201 s 44]
- 69.68 [Repealed, 1979 c 201 s 44]
- 69.69 [Repealed, 1969 c 1001 s 11]
- 69.691 [Repealed, 1979 c 201 s 44]
- 69.70 [Repealed, Ex1971 c 6 s 11]

69.71 [Repealed, 1978 c 563 s 31]

69.72 [Repealed, 1978 c 563 s 31]

69.73 [Repealed, 1978 c 563 s 31]

69.74 [Repealed, 1978 c 563 s 31]

69.75 [Repealed, 1978 c 563 s 31]

69.76 [Repealed, 1978 c 563 s 31]

69.77 BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION.

Subdivision 1. **Conditioned employer support for a relief association.** (a) Notwithstanding any law to the contrary, only if the municipality and the relief association comply with the provisions of this section, a municipality may contribute public funds, including any applicable police or fire state aid, or levy property taxes for the support of a police or firefighters' relief association, enumerated in subdivision 1a, however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or firefighter, for the operation and maintenance of the relief association.

(b) The commissioner shall not include in the apportionment of police or fire state aid to the county auditor under section 69.021, subdivision 6, any municipality in which there exists a local police or salaried firefighters' relief association as enumerated in subdivision 1a which does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association and that municipality may not qualify initially to receive, or be entitled subsequently to retain, state aid under sections 69.011 to 69.051 until the reason for the disqualification is remedied, whereupon the municipality, if otherwise qualified, is entitled to again receive state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(c) The state auditor and the commissioner shall determine if a municipality with a local police or salaried firefighters' relief association fails to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Subd. 1a. **Covered retirement plans.** The provisions of this section apply to the Bloomington Firefighters Relief Association.

Subd. 2. **Inapplicable penalty.** The penalty provided for in subdivision 1 does not apply to a relief association enumerated in subdivision 1a if the requirements of subdivisions 3 to 10 are met.

Subd. 2a. [Renumbered subd 3]

Subd. 2b. [Renumbered subd 4]

Subd. 2c. [Renumbered subd 5]

Subd. 2d. [Renumbered subd 6]

Subd. 2e. [Renumbered subd 7]

Subd. 2f. [Renumbered subd 8]

Subd. 2g. [Renumbered subd 9]

Subd. 2h. [Renumbered subd 10]

Subd. 2i. [Renumbered subd 11]

Subd. 3. [Renumbered subd 13]

Subd. 3. **Minimum member contribution.** Each active member of the relief association must pay into the special fund of the association during a year of covered service, a contribution for retirement coverage, including survivorship benefits, of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions must be made by payroll deduction from the salary of the member by the municipality, and must be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this subdivision does not apply to any members who are volunteer firefighters.

Subd. 4. **Relief association financial requirements; minimum municipal obligation.**

(a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the municipality must be determined on or before the submission date established by the municipality under subdivision 5.

(b) The financial requirements of the relief association for the following calendar year must be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate must be used in calculating the subsequent financial requirements of the relief association.

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated under clauses (1), (2), and (3), constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the amount calculated under clauses (1) and (2) constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

(1) the normal level cost requirement for the following year, expressed as a dollar amount, which must be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected change in the active membership, for the following year;

(2) for the Bloomington Fire Department Relief Association, to the dollar amount of normal cost determined under clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. The administrative expenses are those authorized under section 69.80; and

(3) to the dollar amount of normal cost and expenses determined under clauses (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 8, by that fund's amortization date as specified in paragraph (d).

(d) The Bloomington Fire Department Relief Association special fund amortization date is determined under section 356.216, clause (2). The amortization date specified in this paragraph supersedes any amortization date specified in any applicable special law.

(e) The minimum obligation of the municipality is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts anticipated for the following calendar year from the applicable state aid program established under sections 69.011 to 69.051 receivable by the relief association after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried firefighters' relief association amortization aid program established under section 423A.02, subdivision 1, from the supplementary amortization state-aid program established under section 423A.02, subdivision 1a, and from the additional amortization state aid under section 423A.02, subdivision 1b.

Subd. 5. Determination submission. The officers of the relief association shall submit the determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality, which may not be earlier than August 1 and may not be later than September 1 of each year. The governing body of the municipality must ascertain whether or not the determinations were prepared in accordance with law.

Subd. 6. Municipal payment. (a) The municipality shall provide for and shall pay, each year, at least the amount of the minimum obligation of the municipality to the relief association.

(b) If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency must be added to the minimum obligation of the municipality for the following year calculated under subdivision 4 and must include interest at the compound rate of six percent per annum from the date that the municipality was required to make payment under this subdivision until the date that the municipality actually makes the required payment.

Subd. 7. Budget inclusion. (a) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated under subdivision 4.

(b) The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied under this section may not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(c) If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the

county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

Subd. 8. **Accelerated amortization.** Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year must be used to amortize any unfunded actuarial accrued liabilities of the relief association.

Subd. 9. **Local paid fire relief association investment authority.** (a) The special fund of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

(b) The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm must use the formula or formulas developed by the state board under section 11A.04, clause (11).

(c) The governing board of the association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.

Subd. 10. **Actuarial valuation required.** The association shall obtain an actuarial valuation showing the condition of the special fund of the relief association under sections 356.215 and 356.216 and any applicable standards for actuarial work established by the Legislative Commission on Pensions and Retirement. The actuarial valuation must be made as of December 31 of every year. A copy of the actuarial valuation must be filed with the Director of the Legislative Reference Library, the governing body of the municipality in which the association is organized, the executive director of the Legislative Commission on Pensions and Retirement, and the state auditor, not later than July 1 of the following year.

Subd. 11. **Municipal approval of benefit changes required.** Any amendment to the bylaws or articles of incorporation of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from any police or firefighters' relief association enumerated in subdivision 1a is not effective until it is ratified by the municipality in which the relief association is located. The officers of the relief association shall not seek municipal ratification before obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the clerk of the municipality.

Subd. 12. **Application of other laws to contribution rate.** In the absence of any specific provision to the contrary, no general or special law previously enacted may be construed as reducing the levy amount or rate of contribution to a police or firefighters relief association to which subdivision 1a applies, by a municipality or member of the association, which is required as a condition for the use of public funds or the levy of taxes for the support of the association. Each association, the municipality in which it is organized, and the officers of each, are authorized to do all things required by this section as a condition for the use of public funds or the levy of taxes for the support of the association.

Subd. 13. **Citation.** This section may be cited as the "Police and Firefighters' Relief Associations Guidelines Act of 1969."

History: 1969 c 223 s 1,2; 1971 c 11 s 1; 1971 c 329 s 1; 1973 c 129 s 6; 1973 c 772 s 2; 1974 c 152 s 10; 1975 c 271 s 6; 1977 c 429 s 63; 1978 c 563 s 1-3; 1980 c 341 s 1; 1980 c 607

art 14 s 27; art 15 s 2; 1981 c 208 s 7; 1981 c 224 s 23-26; 1982 c 460 s 5; 1982 c 578 art 3 s 2; 1983 c 71 s 1; 1983 c 289 s 114 subd 1; 1983 c 291 s 2; 1984 c 574 s 2; 1984 c 655 art 1 s 92; 1Sp1985 c 7 s 35; 1986 c 356 s 6; 1986 c 359 s 10; 1987 c 259 s 6,7; 1989 c 319 art 8 s 7; art 19 s 3; 1993 c 300 s 8; 1994 c 604 art 2 s 1; 2002 c 377 art 6 s 1; 2002 c 392 art 1 s 1; art 11 s 52; 1Sp2005 c 8 art 11 s 1; 2006 c 271 art 8 s 1; 2009 c 169 art 8 s 1; 1Sp2011 c 8 art 6 s 19; art 7 s 19; art 8 s 4,5,14; 2012 c 286 art 10 s 4; art 11 s 1,2

69.771 VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION FINANCING GUIDELINES ACT; APPLICATION.

Subdivision 1. **Covered relief associations.** The applicable provisions of sections 69.771 to 69.776 apply to any firefighters' relief association other than a relief association enumerated in section 69.77, subdivision 1a, which is organized under any laws of this state, which is composed of volunteer firefighters or is composed partially of volunteer firefighters and partially of salaried firefighters with retirement coverage provided by the public employees police and fire fund and which, in either case, operates subject to the service pension minimum requirements for entitlement and maximums contained in section 424A.02, or subject to a special law modifying those requirements or maximums.

Subd. 2. **Authorized employer support for a relief association.** Notwithstanding any law to the contrary, a municipality may lawfully contribute public funds, including the transfer of any applicable fire state aid, or may levy property taxes for the support of a firefighters' relief association specified in subdivision 1, however organized, which provides retirement coverage or pays a service pension to retired firefighter or a retirement benefit to a disabled firefighter or a surviving dependent of either an active or retired firefighter for the operation and maintenance of the relief association only if the municipality and the relief association both comply with the applicable provisions of sections 69.771 to 69.776.

Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which there exists a firefighters' relief association as specified in subdivision 1 which does not comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of any applicable special law relating to the funding or financing of the association does not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason for the disqualification specified by the state auditor is remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(b) The state auditor shall determine if a municipality to which a firefighters' relief association is directly associated or a firefighters' relief association fails to comply with the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any applicable special law based upon the information contained in the annual financial report of the firefighters' relief association required under section 69.051, the actuarial valuation of the relief association, if applicable, the relief association officers' financial requirements of the relief association and minimum municipal obligation determination documentation under section 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or 69.774, subdivision 2, if requested to be filed by the state auditor, the applicable municipal or nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and any other relevant documents or reports obtained by the state auditor.

(c) The municipality or nonprofit firefighting corporation and the associated relief association are not eligible to receive or to retain fire state aid if:

(1) the relief association fails to prepare or to file the financial report or financial statement under section 69.051;

(2) the relief association treasurer is not bonded in the manner and in the amount required by section 69.051, subdivision 2;

(3) the relief association officers fail to determine or improperly determine the accrued liability and the annual accruing liability of the relief association under section 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

(4) if applicable, the relief association officers fail to obtain and file a required actuarial valuation or the officers file an actuarial valuation that does not contain the special fund actuarial liability calculated under the entry age normal actuarial cost method, the special fund current assets, the special fund unfunded actuarial accrued liability, the special fund normal cost under the entry age normal actuarial cost method, the amortization requirement for the special fund unfunded actuarial accrued liability by the applicable target date, a summary of the applicable benefit plan, a summary of the membership of the relief association, a summary of the actuarial assumptions used in preparing the valuation, and a signed statement by the actuary attesting to its results and certifying to the qualifications of the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

(5) the municipality failed to provide a municipal contribution, or the nonprofit firefighting corporation failed to provide a corporate contribution, in the amount equal to the minimum municipal obligation if the relief association is governed under section 69.772, or the amount necessary, when added to the fire state aid actually received in the plan year in question, to at least equal in total the calculated annual financial requirements of the special fund of the relief association if the relief association is governed under section 69.773, and, if the municipal or corporate contribution is deficient, the municipality failed to include the minimum municipal obligation certified under section 69.772, subdivision 3, or 69.773, subdivision 5, in its budget and tax levy or the nonprofit firefighting corporation failed to include the minimum corporate obligation certified under section 69.774, subdivision 2, in the corporate budget;

(6) the defined benefit relief association did not receive municipal ratification for the most recent plan amendment when municipal ratification was required under section 69.772, subdivision 6; 69.773, subdivision 6; or 424A.02, subdivision 10;

(7) the relief association invested special fund assets in an investment security that is not authorized under section 69.775;

(8) the relief association had an administrative expense that is not authorized under section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that is not authorized under section 424A.08;

(9) the relief association officers fail to provide a complete and accurate public pension plan investment portfolio and performance disclosure under section 356.219;

(10) the relief association fails to obtain the acknowledgment from a broker of the statement of investment restrictions under section 356A.06, subdivision 8b;

(11) the relief association officers permitted to occur a prohibited transaction under section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction of a prohibited transaction that did occur; or

(12) the relief association pays a defined benefit service pension in an amount that is in excess of the applicable service pension maximum under section 424A.02, subdivision 3.

History: 1971 c 261 s 1; 1977 c 429 s 63; 1979 c 201 s 1; 1980 c 509 s 19; 1982 c 460 s 6; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1990 c 480 art 6 s 4; 1Sp2005 c 8 art 9 s 3; 2009 c 169 art 10 s 2

69.772 RELIEF ASSOCIATIONS PAYING LUMP-SUM SERVICE PENSIONS.

Subdivision 1. **Application.** This section shall apply to any firefighters' relief association specified in section 69.771, subdivision 1, which pays a lump-sum service pension, but which does not pay a monthly service pension, to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, or any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighters' relief association to which this section applies shall determine the accrued liability of the special fund of the relief association in accordance with the accrued liability table set forth in subdivision 2 and the financial requirements of the relief association and the minimum obligation of the municipality in accordance with the procedure set forth in subdivision 3.

Subd. 2. **Determination of accrued liability.** (a) Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service of at least 20 years of active service for a totally nonforfeitable service pension shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active member of the relief association, calculated individually using the following table:

Cumulative Year	Accrued Liability
.....
1	\$ 60
2	124
3	190
4	260
5	334
6	410
7	492
8	576
9	666
10	760
11	858
12	962
13	1070
14	1184

15	1304
16	1428
17	1560
18	1698
19	1844
20	2000
21 and thereafter	100 additional per year

(b) As set forth in the table the accrued liability for each member of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active member is determined by multiplying the accrued liability from the chart by the ratio of the lump-sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service. If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active member of the relief association.

(c) To the extent that the state auditor considers it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations of the accrued liability for deferred members pursuant to this subdivision.

Subd. 2a. Determination of accrued liability for recipients of installment payments.

(a) Each firefighters' relief association which pays a lump-sum service pension in installment payments to a retired firefighter pursuant to section 424A.02, subdivision 8, shall determine the accrued liability of the special fund of the firefighters' relief association relative to each retired member receiving a lump-sum service pension in installment payments calculated individually as the sum of each future installment payment discounted at an interest rate of five percent, compounded annually, from the date the installment payment is scheduled to be paid to December 31. If the bylaws of the relief association provide for the payment of interest on unpaid installments, the amount of interest, projected to December 31, shall be added to the accrued liability attributable to each retired member. The sum of the accrued liability attributable to each retired member of the relief association receiving a lump-sum service pension in installment payments shall be the total additional accrued liability of the special fund of the relief association as of December 31, and shall be added to the accrued liability of the special fund of the relief association calculated pursuant to subdivision 2 for purposes of calculating the financial requirements of the relief association and the minimum obligation of the municipality pursuant to subdivision 3.

(b) To the extent that the state auditor deems it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations required pursuant to this subdivision.

Subd. 3. Financial requirements of relief association; minimum obligation of municipality. (a) During the month of July, the officers of the relief association shall determine the overall funding balance of the special fund for the current calendar year, the financial requirements of the special fund for the following calendar year and the minimum obligation of

the municipality with respect to the special fund for the following calendar year in accordance with the requirements of this subdivision.

(b) The overall funding balance of the special fund for the current calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the current year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The total present assets of the special fund projected to December 31 of the current year, including receipts by and disbursements from the special fund anticipated to occur on or before December 31, must be calculated. To the extent possible, for those assets for which a market value is readily ascertainable, the current market value as of the date of the calculation for those assets must be utilized in making this calculation. For any asset for which no market value is readily ascertainable, the cost value or the book value, whichever is applicable, must be utilized in making this calculation.

(3) The amount of the total present assets of the special fund calculated under clause (2) must be subtracted from the amount of the total accrued liability of the special fund calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the special fund is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the special fund is considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of the special fund for the following calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the calendar year next following the current calendar year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The increase in the total accrued liability of the special fund for the following calendar year over the total accrued liability of the special fund for the current year must be calculated.

(3) The amount of anticipated future administrative expenses of the special fund must be calculated by multiplying the dollar amount of the administrative expenses of the special fund for the most recent prior calendar year by the factor of 1.035.

(4) If the special fund is fully funded, the financial requirements of the special fund for the following calendar year are the total of the amounts calculated under clauses (2) and (3).

(5) If the special fund has a deficit from full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) plus an amount equal to one-tenth of the original amount of the deficit from full funding of the special fund as determined under clause (2) resulting either from an increase in the amount of the service pension occurring in the last ten years or from a net annual investment loss occurring during the last ten years until each increase in the deficit from full funding is fully retired. The annual amortization contribution under this clause may not exceed the amount of the deficit from full funding.

(6) If the special fund has a surplus over full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund

calculated as though the special fund were fully funded under clause (4) reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

Subd. 4. Certification of financial requirements and minimum municipal obligation; levy. (a) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 3 on or before August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(b) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 69.051. The schedule forms related to the determination of the financial requirements must be filed with the state auditor by March 31, annually, if the relief association is required to file a financial statement under section 69.051, subdivision 1a, or by June 30, annually, if the relief association is required to file a financial report and audit under section 69.051, subdivision 1.

(c) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue.

(d) The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(e) If the municipality does not include the full amount of the minimum municipal obligations in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the certified minimum municipal obligation on the taxable property of the municipality.

(f) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5), the state auditor may request a copy of the certifications under this subdivision from the relief association or from

the city. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

Subd. 5. Crediting of investment income; effect of excess interest. All investment income earned on the assets of the special fund of the relief association shall be credited to the special fund. Investment income earned or anticipated to be earned in a calendar year in excess of the assumed rate specified in subdivision 3, clause (3) shall not be included in the calculations of the financial requirements of the special fund of the relief association or the minimum obligation of the municipality with respect to the special fund of the relief association for that calendar year.

Subd. 6. Municipal ratification for plan amendments. If the special fund of the relief association does not have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality in which the relief association is located and the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment. If the special fund of the relief association has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid to be received by the relief association as determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification under this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

History: 1971 c 261 s 2; 1973 c 772 s 3; 1977 c 171 s 2; 1977 c 429 s 63; 1978 c 562 s 1; 1979 c 201 s 2-8; 1981 c 224 s 27,28; 1982 c 421 s 1; 1982 c 465 s 1; 1983 c 219 s 1-3; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1987 c 259 s 8; 1990 c 480 art 6 s 5; 1Sp2003 c 1 art 2 s 62; 1Sp2005 c 8 art 9 s 4,5; 2009 c 169 art 10 s 3,4; 2010 c 359 art 13 s 1; 2010 c 382 s 14; 2012 c 286 art 12 s 5

69.773 RELIEF ASSOCIATIONS PAYING MONTHLY SERVICE PENSIONS.

Subdivision 1. **Application.** (a) This section applies to any firefighters relief association specified in section 69.771, subdivision 1, which pays or allows for an option of a monthly service pension to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighters relief association to which this section applies shall determine the actuarial condition and funding costs of the special fund of the relief association in accordance with subdivisions 2 and 3, the financial requirements of the special fund of the relief association in accordance with subdivision 4 and the minimum obligation of the municipality with respect to the special fund of the relief association in accordance with subdivision 5.

(b) If a firefighters relief association that previously provided a monthly benefit service pension discontinues that practice and either replaces the monthly benefit amount with a lump sum benefit amount consistent with section 424A.02, subdivision 3, or purchases an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in this state, the actuarial condition and funding costs, financial, and minimum municipal obligation requirements of section 69.772 apply rather than this section.

Subd. 2. **Determination of actuarial condition and funding costs.** A relief association to which this section applies shall obtain an actuarial valuation showing the condition of the special fund of the relief association as of December 31, 1978, and at least as of December 31 every four years thereafter. The valuation shall be prepared in accordance with the provisions of sections 356.215, subdivision 8, and 356.216 and any applicable standards for actuarial work established by the Legislative Commission on Pensions and Retirement, except that the figure for normal cost shall be expressed as a level dollar amount, and the amortization contribution shall be the level dollar amount calculated to amortize any current unfunded accrued liability by at least the date of full funding specified in subdivision 4, clause (b). Each valuation shall be filed with the governing body of the municipality in which the relief association is located and with the state auditor, not later than July 1 of the year next following the date as of which the actuarial valuation is prepared. Any relief association which is operating under a special law which requires that actuarial valuations be obtained at least every four years and be prepared in accordance with applicable actuarial standards set forth in statute may continue to have actuarial valuations made according to the time schedule set forth in the special legislation subject to the provisions of subdivision 3.

Subd. 3. **Valuation requirement upon benefit change.** The officers of the relief association shall not seek municipal ratification of any amendments to the articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from any relief association pursuant to subdivision 6 prior to obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association.

Subd. 4. **Financial requirements of special fund.** (a) On or before August 1 of each year, the officers of the relief association shall determine the financial requirements of the special fund of the relief association in accordance with the requirements of this subdivision.

(b) The financial requirements of the relief association must be based on the most recent actuarial valuation of the special fund prepared in accordance with subdivision 2. If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial

valuation, the financial requirements must be determined by adding the figures calculated under paragraph (d), clauses (1), (2), and (3). If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation, the financial requirements must be an amount equal to the figure calculated under paragraph (d), clauses (1) and (2), reduced by an amount equal to one-tenth of the amount of any assets in excess of the actuarial accrued liability of the relief association.

(c) The determination of whether or not the relief association has an unfunded actuarial accrued liability must be based on the current market value of assets for which a market value is readily ascertainable and the cost or book value, whichever is applicable, for assets for which no market value is readily ascertainable.

(d) The components of the financial requirements of the relief association are the following:

(1) The normal level cost requirement for the following year, expressed as a dollar amount, is the figure for the normal level cost of the relief association as reported in the actuarial valuation.

(2) The amount of anticipated future administrative expenses of the special fund must be calculated by multiplying the dollar amount of the administrative expenses of the special fund for the most recent prior calendar year by the factor of 1.035.

(3) The amortization contribution requirement to retire the current unfunded actuarial accrued liability by the established date for full funding is the figure for the amortization contribution as reported in the actuarial valuation. If there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the special fund, a change in the bylaws of the relief association governing the service pensions, retirement benefits, or both, payable from the special fund, or a change in the actuarial cost method used to value all or a portion of the special fund which change or changes, which by themselves, without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability of the special fund, the established date for full funding is the December 31 occurring ten years later. If there has been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the special fund, a change in the bylaws of the relief association governing the service pensions, retirement benefits, or both payable from the special fund or a change in the actuarial cost method used to value all or a portion of the special fund and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability of the special fund within the past 20 years, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the special fund attributable to experience losses that have occurred since the most recent prior actuarial valuation must be determined and the level annual dollar contribution needed to amortize the experience loss over a period of ten years ending on the December 31 occurring ten years later must be calculated;

(ii) the unfunded actuarial accrued liability of the special fund must be determined in accordance with the provisions governing service pensions, retirement benefits, and actuarial assumptions in effect before an applicable change;

(iii) the level annual dollar contribution needed to amortize this unfunded actuarial accrued liability amount by the date for full funding in effect before the change must be calculated using the interest assumption specified in section 356.215, subdivision 8, in effect before any applicable change;

(iv) the unfunded actuarial accrued liability of the special fund must be determined in accordance with any new provisions governing service pensions, retirement benefits, and actuarial assumptions and the remaining provisions governing service pensions, retirement benefits, and actuarial assumptions in effect before an applicable change;

(v) the level annual dollar contribution needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (ii) and the unfunded actuarial accrued liability amount calculated under item (iv) over a period of 20 years starting December 31 of the year in which the change is effective must be calculated using the interest assumption specified in section 356.215, subdivision 8, in effect after any applicable change;

(vi) the annual amortization contribution calculated under item (v) must be added to the annual amortization contribution calculated under items (i) and (iii);

(vii) the period in which the unfunded actuarial accrued liability amount determined in item (iv) will be amortized by the total annual amortization contribution computed under item (vi) must be calculated using the interest assumption specified in section 356.215, subdivision 8, in effect after any applicable change, rounded to the nearest integral number of years, but which must not exceed a period of 20 years from the end of the year in which the determination of the date for full funding using this procedure is made and which must not be less than the period of years beginning in the year in which the determination of the date for full funding using this procedure is made and ending by the date for full funding in effect before the change;

(viii) the period determined under item (vii) must be added to the date as of which the actuarial valuation was prepared and the resulting date is the new date for full funding.

Subd. 5. Minimum municipal obligation. (a) The officers of the relief association shall determine the minimum obligation of the municipality with respect to the special fund of the relief association for the following calendar year on or before August 1 of each year in accordance with the requirements of this subdivision.

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(c) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 4 and this subdivision by August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(d) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 69.051.

(e) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue. The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law or charter upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(f) If the municipality does not include the full amount of the minimum municipal obligation in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the minimum municipal obligation on the taxable property of the municipality.

(g) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5), the state auditor may request from the relief association or from the city a copy of the certifications under this subdivision. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

Subd. 6. Municipal ratification for plan amendments. If the special fund of the relief association does not have a surplus over full funding under subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality in which the relief association is located. If the special fund of the relief association has a surplus over full funding under subdivision 4, and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid to be received by the relief association as determined by the board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits

payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

History: 1971 c 261 s 3; 1977 c 429 s 63; 1978 c 563 s 4; 1979 c 201 s 9; 1981 c 224 s 29; 1982 c 421 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1Sp1985 c 7 s 35; 1986 c 359 s 11; 1987 c 259 s 9,10; 1994 c 541 s 1; 2000 c 461 art 15 s 3; 2002 c 392 art 11 s 52; 1Sp2005 c 8 art 9 s 6,7; art 10 s 6; 2007 c 13 art 2 s 18; 2009 c 169 art 10 s 5; 2010 c 359 art 13 s 2; 2012 c 286 art 12 s 6

69.774 NONPROFIT FIREFIGHTING CORPORATIONS.

Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit corporations.** This section shall apply to any independent nonprofit firefighting corporation incorporated or organized pursuant to chapter 317A which operates exclusively for firefighting purposes, which is composed of volunteer firefighters, which has a duly established separate subsidiary incorporated firefighters' relief association which provides retirement coverage for or pays a service pension to a retired firefighter or a retirement benefit to a surviving dependent of either an active or a retired firefighter, and which operates subject to the service pension minimum requirements for entitlement to and maximums for a service pension contained in section 424A.02, or a special law modifying those requirements or maximums. Notwithstanding any law to the contrary, a municipality contracting with an independent nonprofit firefighting corporation shall be included in the distribution of fire state aid to the appropriate county auditor by the state auditor only if the independent nonprofit firefighting corporation complies with the provisions of this section.

Subd. 2. **Determination of actuarial condition and funding costs.** Each independent nonprofit firefighting corporation to which this section applies shall determine the actuarial condition and the funding costs of the subsidiary relief association using the following procedure:

(1) An independent nonprofit firefighting corporation which has a subsidiary relief association which pays a monthly benefit service pension shall procure an actuarial valuation of the special fund of the subsidiary relief association at the same times and in the same manner as specified in section 69.773, subdivisions 2 and 3, and an independent nonprofit firefighting corporation which has a subsidiary relief association which pays a lump-sum service pension shall determine the accrued liability of the special fund of the relief association in accordance with section 69.772, subdivision 2.

(2) The financial requirements of the special fund of the subsidiary relief association which pays a monthly benefit service pension shall be determined in the same manner as specified in section 69.773, subdivision 4, and the financial requirements of the special fund of the subsidiary relief association shall be determined in the same manner as specified in section 69.772, subdivision 3.

(3) The minimum obligation of the independent nonprofit firefighting corporation on behalf of the special fund of the subsidiary relief association shall be determined in the same manner as specified in section 69.773, subdivision 5.

(4) The independent nonprofit firefighting corporation shall appropriate annually from the income of the corporation an amount at least equal to the minimum obligation of the independent nonprofit firefighting corporation on behalf of the special fund of the subsidiary relief association.

Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of the special fund of the subsidiary relief association of the nonprofit firefighting corporation shall be governed by the provisions of section 424A.05.

History: 1971 c 261 s 4; 1977 c 429 s 63; 1979 c 201 s 10; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1989 c 304 s 137; 1990 c 480 art 6 s 6

69.775 INVESTMENTS.

(a) The special fund assets of a relief association governed by sections 69.771 to 69.776 must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

(b) The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm must use the formula or formulas developed by the state board under section 11A.04, clause (11).

History: 1971 c 261 s 5; 1973 c 129 s 7; 1974 c 152 s 11; 1980 c 607 art 14 s 28,45 subd 1; 1981 c 208 s 8; 1984 c 574 s 3; 1986 c 356 s 7; 1986 c 359 s 12; 1989 c 319 art 8 s 8; 1993 c 300 s 9; 1994 c 604 art 2 s 2; 1Sp2005 c 8 art 9 s 8; 2012 c 286 art 10 s 5

69.776 CITATION; APPLICATION OF OTHER LAWS.

Subdivision 1. **Citation.** Sections 69.771 to 69.776 may be cited as the "Volunteer Firefighters' Relief Association Guidelines Act of 1971."

Subd. 2. **Applicability.** Notwithstanding any other law to the contrary, no relief association described in sections 69.771 to 69.776, authorized under any present or future legislative act, shall be exempt from sections 69.771 to 69.776 unless such relief association is exempted by specific legislative reference to the Volunteer Firefighters' Relief Association Guidelines Act of 1971.

History: 1971 c 261 s 6; 1977 c 429 s 63

69.78 [Repealed, 2002 c 392 art 1 s 9]

69.79 [Repealed, 1975 c 405 s 2]

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a police, salaried firefighters', or volunteer firefighters' relief association organized under any law of this state:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 69.77, 69.772, or 69.773, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other governmental entities;

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

History: 1978 c 690 s 8; 1986 c 359 s 13; 1987 c 372 art 1 s 1; 2002 c 392 art 1 s 2; 2012 c 286 art 12 s 7