353F.025 WITHDRAWAL LIABILITY.

Subdivision 1. **Eligibility determination and calculation of withdrawal liability.** (a) This section applies to any governmental subdivision that privatizes.

(b) Before the effective date of privatization, an officer of the governmental subdivision that is privatizing or that has control or ownership of an entity that is privatizing must submit to the executive director a resolution from the governing body of the governmental subdivision stating the following:

(1) that it is the intention of the governmental subdivision to privatize or to engage in a privatization that will result in the controlled or owned entity becoming privatized; and

(2) that the governmental subdivision will reimburse the association for the cost to calculate withdrawal liability under paragraph (d).

(c) The governing body must also provide to the executive director a copy of the purchase, lease, or other transaction agreement and any other information requested by the executive director to allow the executive director to determine whether the employer, after the privatization, will be a governmental subdivision or a privatized employer, making the employees ineligible for continued coverage as active members of the general employees retirement plan.

(d) If, within 30 days after receipt of the resolution and information under paragraph (b), the executive director determines that the employer after the privatization will not be a governmental subdivision, the executive director must direct the consulting actuary retained by the association under section 356.214 to calculate the withdrawal liability to be incurred by the privatized employer on the effective date of the privatization. Withdrawal liability and present value must be calculated as provided in paragraphs (e) and (f), respectively.

(e) Withdrawal liability is equal to the present value of accrued benefits attributable to the privatizing active employees minus the product of:

(1) the present value of accrued benefits attributable to the privatizing active employees; and

(2) the general plan's funding ratio.

If the withdrawal liability is a negative number, the withdrawal liability is zero. Withdrawal liability must be calculated using the most recently completed actuarial valuation before the effective date of privatization.

(f) Present value of accrued benefits is determined using the actuarial assumptions under section 356.215, subdivision 8, for the general plan. The present value of accrued benefits does not include projected compensation or projected service.

(g) The governmental subdivision must reimburse the association for the cost of calculating the withdrawal liability.

[See Note.]

Subd. 1a. **Payment of withdrawal liability.** No later than six months after the effective date of privatization, the privatized employer must pay the withdrawal liability calculated under subdivision 1 to the general employees retirement fund, unless the privatized employer elects a payment plan. In lieu of a single withdrawal liability payment, the privatized employer may elect to pay the withdrawal liability with interest compounded annually at the applicable rate or rates specified in section 356.59, subdivision 3, in

equal annual payments for a term of no longer than ten years. The obligation to pay under this subdivision is binding upon the privatized employer and its successors and assignees.

[See Note.]

Subd. 2. **Reporting privatizations.** (a) The association must maintain a record of the consulting actuary's calculation of withdrawal liability under subdivision 1 and any associated report. The calculation and any associated report must be made publicly available and provided to:

(1) the board of trustees;

(2) the chair and the executive director of the Legislative Commission on Pensions and Retirement; and

(3) the chairs and the ranking minority members of the legislative committees with jurisdiction over governmental operations.

(b) The association must maintain a list that includes the names of all privatized employers in the association's annual comprehensive financial report and on the association's website. Beginning July 1, 2027, the association must also include in the list the amount of the withdrawal liability determined as of the effective date of privatization and the remaining amount, if any, of withdrawal liability due to be paid for each privatized employer.

[See Note.]

Subd. 3. [Repealed, 2013 c 111 art 3 s 31]

History: *2008 c 349 art 5 s 27; 2010 c 359 art 5 s 18,19; 2013 c 111 art 3 s 17,18; 2018 c 211 art 10 s 15; 1Sp2019 c 8 art 8 s 23; 2025 c 37 art 4 s 13*

NOTE: The amendments to subdivisions 1 and 2 by Laws 2025, chapter 37, article 4, section 13, are effective July 1, 2027. Laws 2025, chapter 37, article 4, section 26.

NOTE: Subdivision 1a, as added by Laws 2025, chapter 37, article 4, section 13, is effective July 1, 2027. Laws 2025, chapter 37, article 4, section 26.