TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Edward Burek, Deputy Executive Director

RE: Summary of 1996 Pension Legislation

DATE: April 30, 1996

The following is a summary of 1996 legislative session pension provisions. The first major section summarizes legislation for individual plans or plans of a certain type, such as the first class city teacher plans, local police and paid fire plans, and volunteer fire plans. The second major section summarizes general pension legislation applying to all public plans or to miscellaneous groupings of plans. The third section summarizes miscellaneous legislation.

I. Fund Specific Legislation

A. Minnesota State Retirement System (MSRS)

1. MSRS General

a. Compound interest on omitted deductions. Omitted contributions which are past due more than one year will be charged compound annual interest rather than simple interest. (MN Laws 1996, Chapter 438, Article 2, Section 1.)

A new chapter is proposed containing pension-benefit provisions for the University of Minnesota employees currently covered by MSRS General. The proposed chapter will be applicable if the University and Fairview Hospital reach an integration agreement to transfer facilities and personnel to Fairview. The intent of the pension legislation is to ensure, to the extent possible, that the ex-MSRS General covered employees will receive future retirement benefits from MSRS commensurate with prior contributions made by them or on their behalf.

b. Treatment of University of Minnesota MSRS-covered employees following the University of Minnesota Hospital and Fairview Hospital merger. As of the date of transfer, the employees are considered to be terminated employees for purposes of MSRS General. Terminated employees are eligible for a refund with interest from MSRS, ending all rights under the plan. Those rights will not be restored unless the refund is repaid following subsequent employment by a public employer and coverage by a public plan included in the combined service annuity provision (Section 356.30). If a refund is not taken, the terminated employee qualifies for a deferred annuity. If the employee begins to draw that annuity while employed by Fairview or its successor, standard augmentation rates in MSRS General law apply. If payment from a deferred annuity does not commence while the individual is employed by Fairview or its successor, the benefit is increased by 5.5 percent per year (rather than three percent) through the year in which the individual turns age 55, and by 7.5 percent (rather than 5.0 percent) thereafter. The Fairview service can be used to qualify for the Rule-of-90, but that service will not be used in computing the benefit. The individual must terminate from Fairview to receive a Rule-of-90 benefit. Reemployed annuitant earnings limitations apply to any MSRS annuity received while the individual is employed by Fairview or its successor. The University of Minnesota and MSRS must provide counseling. All sections are effective upon the University of Minnesota and Fairview reaching an integration agreement. (MN Laws 1996, Chapter 460, Article 1.)

The following repeals a special law provision.

c. Repealer: Wilmar Regional Treatment Center Service credit purchase. Authority to purchase service credit at full actuarial value by certain employees at the Wilmar Regional Treatment Center who left state service to attend the University of Michigan, Ann Arbor, between February 1966 and April 1968, and who were then rehired, is repealed. (MN Laws 1996, Chapter 438, Article 9, Section 8.)

2. MSRS Correctional Plan

a. Clarification of non-duty related disability eligibility. Eligibility for non-duty disability benefits includes mental impairment causing inability to perform employment duties. (MN Laws 1996, Chapter 438, Article 2, Section 2.)

b. Contribution adequacy report eliminated. The requirement that the MSRS Board must report to the LCPR annually on any divergence between statutory and required Correctional Plan contributions is removed. (MN Laws 1996, Chapter 408, Article 8, Section 18.)

The following provision expands the membership of the MSRS Correctional Plan to include special teachers, nurses, and various other positions with sufficient inmate or patient contact. The effective date for the various plan coverage expansions and optional election provisions is the first day of the first full pay period following January 1, 1997.

c. Newly eligible positions for MSRS Correctional Plan coverage. Various positions providing service at a correctional facility or the state security hospital are newly eligible for Correctional Plan coverage, providing the employee has at least 75 percent inmate or patient contact. The groups are special teacher, registered nurse, registered nurse senior, registered nurse principal, licensed practical nurse 2, and 28 other classifications, including a range of mental health and allied field professional classifications and various trades classifications. (MN Laws 1996, Chapter 408, Article 8, Sections 12, 14, and 15.)

The following three items are temporary provisions to handle coverage issues specifically related to existing employees.

d. Existing employees, election of coverage. Employees currently in positions eligible for Correctional Plan coverage due to the newly included positions may waive that coverage and remain in their prior plan. If no election is made, the default coverage is to continue in the plan in which the individual currently is a member. (MN Laws 1996, Chapter 408, Article 8, Section 21.)

e. Option to transfer prior service. Existing employees in the newly eligible positions who elect MSRS Correctional Plan prospective coverage may also choose to transfer prior service to the plan. The prior service may be transferred if there are no breaks in the prior service of more than 180 days, and the prior service is comparable to service eligible for Correctional Plan coverage. To transfer the service, the employee must contribute in a lump sum the differential, if positive, between the 4.9 percent of salary and the employee contribution made to the prior plan, plus six percent interest. For those individuals transferring past coverage, assets representing the funded portion of the present value of benefits earned must transfer from TRA or MSRS General, as applicable, to MSRS Correctional. Employee payments and the related asset transfer terminates rights under the prior plan, but the employee retains all rights under general law to repay refunds. (MN Laws 1996, Chapter 408, Article 8, Sections 22 and 23.)

f. Access to health insurance early retirement incentive. Employees electing MSRS Correctional Plan coverage who are at least 55 years old may participate in the health insurance early retirement incentive available under a collective bargaining agreement. Persons electing this option must retire by December 31, 1997, or upon having three years of covered Correctional Plan service (including any purchased service), whichever is later. (MN Laws 1996, Chapter 408, Article 8, Section 24.)

The following two items are largely technical revisions necessary to conform with the previous coverage expansion provisions.

g. Conformity revisions. A statement of policy provision and a certification of additional positions provision are revised for conformity with revised Correctional Plan coverage group. Covered employment provisions are also revised by eliminating obsolete references and for conformance with current employment classification terminology. (MN Laws 1996, Chapter 408, Article 8, Sections 9, 10, 11, 16, and 29.)

h. Clarification of an existing or older worker coverage waiver provision. Employees who did not exercise an option to elect Correctional Plan coverage prior to July 1, 1986 will continue to be excluded from Correctional Plan coverage although their employment classification may be eligible for coverage under the new coverage expansion. (MN Laws 1996, Chapter 408, Article 8, Section 13.)

The coverage changes and optional elections change the plan's cost and necessitate an additional appropriation.

i. Increase in MSRS Correctional Plan employer contribution rate. The MSRS Correctional Plan employer contribution rate is increased from 6.27 percent of covered salary to 6.75 percent. (MN Laws 1996, Chapter 408, Article 8, Section 18.)

j. Additional appropriation to employer to cover expanded MSRS Correctional Plan membership group and employer contribution rate increase. $345,000 is appropriated for the year ending June 30, 1997 to finance the additional employer contributions associated with the changes in Correctional Plan membership. (MN Laws 1996, Chapter 408, Article 1, Section 6, Subdivision 3.)

The revisions to the Correctional Plan also included a correction-of-errors provision.

k. Correction-of-errors provision. A correction-of-errors provision is added to the plan. If the Commissioner of Corrections or the Commissioner of Human Services determines that an employee should have been covered by the Correctional Plan, coverage will transfer prospectively to the Correctional Plan, and up to five years of past service. For the past service, the employee must pay any difference between the employee contributions made and those that would have been required by the Correctional Plan. The employer pays the remainder of the full actuarial value. If it is determined that someone in the Correctional Plan should have been covered by MSRS General, coverage must be shifted to the General Plan if the error is detected within three years. The employee and employer receive a refund of any excess contributions made to the Correctional Plan due to the error. (MN Laws 1996, Chapter 408, Article 8, Section 17.)

3. MSRS Legislators Retirement Plan

a. Death refund beneficiary. A legislator may designate a beneficiary to receive a death refund in the event there is no spouse or dependent child. (MN Laws 1996, Chapter 438, Article 1, Section 1.)

4. MSRS State Patrol Plan

a. Death refund beneficiary. A member may designate a beneficiary to receive a death refund in the event there is no spouse or dependent child. (MN Laws 1996, Chapter 438, Article 1, Section 2.)

b. Clarification of non-duty related disability eligibility. Eligibility for non-duty disability benefits includes mental impairment causing inability to perform employment duties. (MN Laws 1996, Chapter 438, Article 2, Section 3.)

c. Repealer: Obsolete pre-73er Escalation Provision. Section 352B.265, an obsolete provision which escalated benefits until July 1, 1994, for pre-1973 retirees and survivors, is repealed. (MN Laws 1996, Chapter 310, Section 1.)

5. MSRS Elected State Officers Plan

a. Death refund beneficiary. A constitutional officer may designate a beneficiary to receive a death refund in the event there is no spouse or dependent child. (MN Laws 1996, Chapter 438, Article 1, Section 3.)

6. MSRS Judges Plan

a. Death refund beneficiary. A judge may designate a beneficiary to receive a death refund in the event there is no spouse or dependent child. (MN Laws 1996, Chapter 438, Article 1, Section 4.)

B. Public Employees Retirement Association

1. PERA General

The following are special law provisions:

a. Certain Kanabec hospital employees, election of PERA General coverage. A Kanabec hospital employee born on December 6, 1940, employed by the hospital from January 4, 1965 to the present, and a Kanabec hospital employee born on October 6, 1942, employed by the hospital from September, 1964 until August 1, 1966, and from May, 1967 to the present, are eligible to elect prospective PERA General coverage. Requires local approval. (MN Laws 1996, Chapter 438, Article 9, Section 7.)

b. Itasca County Medical Center, transfer to public corporation. A 1995 special law is amended to permit transfer, lease, or sale of the Itasca County Medical Center to a public corporation. (MN Laws 1996, Chapter 448, Article 1, Section 1.)

c. Itasca County Medical Center, special refund to terminating PERA members. If an Itasca County Medical Center employee who has less than three years of covered PERA service credit is terminated upon the transfer, sale, or lease of the facility, and the individual applies for a PERA refund within one year of termination, the county may match the refund amount. Requires local approval. (MN Laws 1996, Chapter 448, Article 1, Section 2.)

The following is a Repealer:

d. Repealer: Obsolete PERA Board of Trustee Term Provision. Section 353.011, an obsolete provision authorizing the Governor to appoint certain individuals to the board in 1993, is repealed. (MN Laws 1996, Chapter 310, Section 1.)

2. PERA Consolidation Accounts

The following is a special law provision.

a. Saint Paul Police and Fire Consolidation Accounts, extension of ratchet-down effect elimination. Retroactive to December 31, 1993, limitations on reductions in benefit amounts is extended to newly awarded service pensions, disability pensions, and survivor benefits. Requires local approval. (MN Laws 1996, Chapter 448, Article 2, Section 1.)

3. PERA Public Employees Defined Contribution Plan

a. Eligible physicians, option to elect PERA Defined Contribution Plan. Physicians who are local public employees may choose PERA Defined Contribution Plan coverage rather than PERA General coverage. The election must be made within 90 days of commencing covered employment and is irrevocable. For those physicians electing Defined Contribution Plan coverage, the employee and employer contribute matching five percent of salary contributions. (MN Laws 1996, Chapter 438, Article 6, Sections 1 to 4.)

The following is a special law provision to implement the above Defined Contribution Plan option for existing employees.

b. Current physicians, transitional provision. Physicians currently covered by the PERA General Plan may switch prospective coverage to the PERA Defined Contribution Plan. The election must be made within six months. If the election is made, the physician is deemed to have terminated service for purposes of PERA General, and, as a result, will be eligible for a deferred annuity (if vested) or a refund with interest. The refund must include, in addition to the employee contributions withheld from salary, any omitted employee contributions later paid by the employee or employer. (MN Laws 1996, Chapter 438, Article 6, Section 5.)

The following repeals an obsolete provision.

c. Repealer: Current elected official coverage election. Section 353D.11, a provision which authorized local elected officials covered by PERA General the option to elect before June 30, 1991 alternative coverage under the PERA Defined Contribution Plan, is repealed. (MN Laws 1996, Chapter 438, Article 6, Section 7.)

C. Teachers Retirement Association (TRA)

a. Revision of earliest application submission date. Members or persons authorized to act on the member's behalf are authorized to submit retirement applications up to 120 days, rather than 60 days, prior to termination. (MN Laws 1996, Chapter 438, Article 3, Sections 1 and 2.)

The following are two special law provisions regarding part-time teaching program deadline extensions.

b. New-York Mills part-time teachers retirement coverage provision deadline extension. TRA must accept the application for full-time service credit under the part-time teaching provision (Section 354.66) for a New York Mills teacher born on May 16, 1945, hired by the school district in 1968, who began work as a part-time computer technology teacher on July 1, 1995, providing all requirements of the program are met except for the failure of the school system to timely file the application with TRA. The employee must make an additional contribution based on the difference between the part-time salary and the full-time equivalent salary, and the employer must make a full-time equivalent employer and employer additional contribution plus pay 8.5 percent interest on these employer contributions and the additional employee contribution. Payment is due before June 30, 1996. (MN Laws 1996, Chapter 438, Article 9, Section 3.)

c. Hastings part-time teachers retirement coverage provision deadline extension. TRA must accept the applications for full-time service credit under the part-time teaching provision (Section 354.66) for the 1992-93 through 1995-96 school years for a teacher born on January 11, 1940, hired by the school district on August 28, 1968, who was initially accepted by the school district for the part-time teacher program on November 5, 1991, providing all requirements of the program are met except for the failure of the school system to timely file the applications with TRA. If employee contributions for these periods were not based on full-time equivalent salary, the employee must make an additional contribution based on the difference between the part-time salary received and the full-time equivalent salary, and the employer must make a full-time equivalent employer and employer additional contribution plus pay 8.5 percent interest on these employer contributions and the additional employee contribution, if any. Payment is due before June 30, 1996. (MN Laws 1996, Chapter 438, Article 9, Section 4.)

D. Individual Retirement Account Plan (IRAP)

a. Revised pension coverage, Minnesota Historical Society employees. Any Minnesota Historical Society employee is authorized to elect coverage by the Individual Retirement Account Plan (IRAP) rather than by the defined benefit plan that would otherwise provide coverage. New employees with no prior allowable service under the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), or the Teachers Retirement Association (TRA) may elect IRAP coverage within 60 days of the start of covered employment. Existing employees or others with prior MSRS, PERA, or TRA-covered service may elect prospective IRAP coverage within 120 days. Individuals who transfer prospective coverage for the same employment to IRAP are entitled to an augmented, deferred annuity from the prior plan based on the accumulated employee and employer contributions. The Minnesota Historical Society will administer IRAP for its members following the procedures and guidelines used for higher education IRAP-covered members. (MN Laws 1996, Chapter 438, Article 7.)

E. First Class City Teacher Plans

The following three provisions apply to the Minneapolis Teachers Retirement Fund Association (MTRFA).

a. MTRFA out-of-state teaching service credit. Active MTRFA members may purchase service credit in the association for elementary or secondary public school teaching rendered outside the state or for the federal government before becoming an MTRFA member, providing the member is ineligible for any benefit from the other retirement system. To be eligible to make the purchase, the member must have at least three years of existing MTRFA service credit. The maximum service credit that can be purchased is ten years or an amount equal to the member's existing length of covered service, whichever is less. The purchased service credit can not be used to qualify for a disability benefit. The purchase payment amount is the full actuarial value and must be paid by the member; the employing unit is not permitted to pay any part of the cost. The authority to make these service credit purchases ends on July 1, 2005. The school district and MTRFA must report to the Legislature and Governor on the effects of the program. (MN Laws 1996, Chapter 438, Article 4, Section 4.)

The following two items are MTRFA special laws.

b. MTRFA: Relaxation of salary maximum for inclusion under qualified part-time teacher provision. If the teacher was approved for the qualified part-time teacher program by the school district for the 1994-95 school year, the MTRFA must permit teachers to be covered under that program although the salary received exceeded the maximum compensation permitted under general law--67 percent of full-time equivalent salary. The teacher must make full-time equivalent employee and employer contributions for 1994-95 by June 30, 1996. (MN Laws 1996, Chapter 438, Article 9, Section 5.)

c. MTRFA: Purchase of service credit by a former teacher. A former MTRFA-covered teacher born on January 4, 1930, employed as a typing teacher, a reserve teacher, and as a business education teacher between 1969 and 1978, may purchase service credit in the MTRFA for any uncovered periods if coverage was mandatory or if coverage was at the employee's option, unless it can be shown that the employee waived that coverage. To receive the service credit, the MTRFA must receive the full actuarial value of the service credit purchase by July 1, 1996 in a lump sum. The employer may pay the portion of the full actuarial value that exceeds employee contributions plus interest. (MN Laws 1996, Chapter 438, Article 9, Section 6.)

The following two provisions relate to the MTRFA and the Saint Paul Teachers Retirement Fund Association (StPTRFA) increases in state and local funding.

d. Increased state and local funding for MTRFA and StPTRFA. For aid payments beginning in calendar year 1996, seventy percent of any unallocated amortization or supplemental amortization state aid (caused by payment of a 13th check by the Minneapolis Police or Minneapolis Fire Relief Associations, or by a police or paid fire relief association or consolidation account reaching full funding) is to be allocated to the MTRFA and StPTRFA. The MTRFA will receive seventy percent of the total amount allocated to these two associations; StPTRFA will receive 30 percent. If the funding ratio of one of these associations equals or exceeds that of the Teachers Retirement Association (TRA), the aid to that association ends and the amount that would have been received is to be allocated to the other association. All aid ceases when both associations become fully funded. To be eligible for the state aid in a given year, the Saint Paul school district must make a contribution to the StPTRFA of $200,000 in fiscal 1998, $400,000 in fiscal 1999, $600,000 in fiscal 2000, and $800,000 in fiscal 2001 and thereafter. To be eligible for the state aid in a given year, the Minneapolis school district and the City of Minneapolis must each make a contribution to the MTRFA of $250,000 in fiscal 1998, $400,000 in fiscal 1999, $550,000 in fiscal 2000, $700,000 in fiscal 2001, $850,000 in fiscal 2002, and $1 million in fiscal 2003 and thereafter. The school districts and the city of Minneapolis are permitted to levy for the local contributions. Any revenue received by the StPTRFA or MTRFA under this aid provision may not be used in determining any benefit increases as long as aid to that association continues. (MN Laws 1996, Chapter 438, Article 4, Sections 3, 5, 6, and 9.)

e. Report on special state aids to the MTRFA and StPTRFA. Before April 15th of each year, the Commissioner of Finance must report to the chairs of the Senate Finance Committee and to the House Ways and Means Committee on amounts expended for state aid to the MTRFA and StPTRFA due to the additional state aids initiated under 1993 legislation and the redirected amortization and/or supplemental amortization aids discussed above. The report must indicate the amounts expended in the most recent past fiscal year, and expected expenditures in the current and next fiscal year. (MN Laws 1996, Chapter 438, Article 4, Section 1.)

f. StPTRFA: extension of deadlines for notification and payment under part-time teacher program special law. For StPTRFA, the deadline is extended for the school district to notify teachers, who taught part-time between July 1, 1994 and June 30, 1995, that they could make a lump-sum payment to receive full-time service credit under the part-time teacher provision (Section 354A.094). The deadline for notifying the teacher is extended from July 3, 1995 to July 3, 1996, and the deadline for making the lump-sum payment is extended from August 2, 1995 to August 2, 1996. Payment must include 8.5 percent interest from August 3, 1995 until paid. (MN Laws 1996, Chapter 438, Article 9, Section 1.)

F. Local Police and Paid Fire Relief Associations

a. Relaxed investment return trigger requirements for payment of thirteenth check--Minneapolis Police and Fire Relief Associations. The "thirteenth check" post retirement adjustment mechanism is revised by eliminating a one-year investment performance requirement, leaving only five year averaging. (MN Laws 1996, Chapter 438, Article 4, Sections 10 to 13.)

The following are special law provisions.

b. Austin Fire Relief Association. Clarifies eligibility and benefit amount of survivor coverage for post retirement marriages. The surviving spouse benefit will be reduced by any amount awarded or payable under a divorce decree to any prior spouse of the deceased member. Requires local approval. (MN Laws 1996, Chapter 448, Article 2, Section 2, and Article 4, Sections 1 and 2.)

c. Minneapolis Fire, various administrative and other changes. Five year vesting is ratified; the period for applying for a disability benefit is extended from 30 days after the beginning of the disability to 90 days; salaries are set at the following percentages of a first grade firefighter's salary: for elected board members who are not officers, 2.5 percent, for relief association president, ten percent, for Executive Secretary, 30 percent; and surviving spouses and children of deceased deferred members are declared eligible to receive thirteenth checks. Any prior payments of thirteenth checks to these individuals are ratified. Requires local approval. Provisions are severable. (MN Laws 1996, Chapter 448, Article 2, Section 3.)

d. Minneapolis Fire, surviving spouse benefit changes. The remarriage penalty is eliminated, permitting surviving spouses to receive benefits for life; and, in cases where marriage occurs after retirement, the surviving spouse will be eligible for surviving spouse benefits if the marriage occurred at least five years before the member's death. Requires local approval. (MN Laws 1996, Chapter 448, Article 3 and Article 4, Section 1.)

G. Volunteer Fire Relief Associations

a. Fire prevention personnel; eligibility for volunteer firefighter benefits. With municipal approval for municipal fire departments, or with the approval of the contracting municipality or municipalities for nonprofit firefighting corporations, persons performing fire prevention duties or supervising those activities qualify as volunteer firefighters and are eligible for the same benefit coverage as firefighters who perform fire suppression duties. (MN Laws 1996, Chapter 438, Article 8.)

b. Minimum fire state aid floor for volunteer fire relief associations. Thirty percent of any unallocated amortization or supplemental amortization state aid (caused by payment of a 13th check by the Minneapolis Police or Minneapolis Fire Relief Associations, or by a police or paid fire relief association or consolidation account reaching full funding) is to be used to establish a minimum fire state aid amount for volunteer fire relief associations. The aid is to allocated to the relief associations so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter, based on a maximum of 30 firefighters. (MN Laws 1996, Chapter 438, Article 4, Sections 2 and 9.)

c. Delay in investment reporting to State Auditor, small volunteer fire relief associations. For relief associations with assets with a market value under $300,000, the requirement that they submit investment policy statements retroactive to 1988 is waived and replaced with a requirement that they submit a written statement of current investment policy by October 1, 1996. Any changes in that policy must be reported within 90 days of the change. The associations must begin to collect investment related data by January 1, 1997, rather than by January 1, 1996, and submit the information to the State Auditor by October 1, 1998, rather than October 1, 1997. (MN Laws 1996, Chapter 438, Article 10, Section 1.)

The following item creates a single new plan, replacing existing plans in Norwood and Young America.

d. Norwood-Young America Consolidated Relief Association. The Norwood and Young America relief associations are consolidated to accompany the January 1, 1997 consolidation of the cities of Norwood and Young America. The new, consolidated relief association is to be established as a non-profit corporation and is the successor in interest to the prior two relief associations. A governing board is established and administration and records are transferred to the new association. Assets and liabilities are transferred. The new special and general fund are established and the prior associations and funds are dissolved. Prior benefit plans are validated, and a new plan is created with a benefit of $550 per year of service. Prior service transfers to the new plan. Requires local approval by both cities. (MN Laws 1996, Chapter 448, Article 5.)

H. Ambulance Longevity Award Program.

a. Program investment vehicle. The assets will be invested in a balanced stock and bond account rather than in short-term debt securities, and various dates for allocation to individual accounts, for determining distribution amounts, and for applying for awards are shifted back to later dates. (MN Laws 1996, Chapter 438, Article 5.)

II. General Provisions

The following is a revision of an investment authority provision, Section 356A.06, Subdivision 7, expanded list authorized investments. It applies to any pension funds or associations subject to that provision (expanded list police and paid fire relief associations, expanded list volunteer fire relief associations and the Minneapolis Employees Retirement Fund).

a. Revision of expanded list investment authority. The expanded list investment authority provision (Section 356A.06, Subdivision 7) is revised to explicitly permit investment in asset backed securities providing those securities are rated in the top four quality categories by a nationally recognized rating agency. (MN Laws 1996, Chapter 438, Article 4, Section 7.)

The following provision applies to all police and paid fire relief associations and consolidation accounts which receive amortization aid.

b. Change in dates for receipt of amortization aid. Amortization aid will be sent to the municipalities in three rather than four equal installments (the March 15th distribution is eliminated). (MN Laws 1996, Chapter 438, Article 4, Section 9.)

The following three items revise the timing of fire state aid and state police state aid and revises the determination and capture of excess police state aid.

c. Revision in date for determining and paying tax aids. The amounts to be distributed and the allocation of those amounts are to be determined and paid by October 1st of each year rather than by September 1st. (MN Laws 1996, Chapter 390, Sections 26 and 29.)

d. Revised distribution procedure for police state aid; determination of excess police state aid. The state police aid distributed to an employing unit will be limited to the employing unit's prior calendar year total employer contribution to PERA P&F. Any excess otherwise payable will be deposited in an excess police state-aid holding account established in the state's general fund. (MN Laws 1996, Chapter 390, Sections 27 and 28.)

e. Elimination of PERA excess aid holding account; shift of financing to general fund's excess police state-aid holding account. The process of having PERA bill for excess aid is eliminated, along with PERA's excess aid holding account. The programs financed from PERA's excess aid holding account (the ambulance service personnel longevity award program, the police officer stress reduction program, if enacted, and the additional amortization aid program) will now be financed from the general fund's excess police state-aid holding account. Language governing the additional amortization aid program will be moved to chapter 423A. (MN Laws 1996, Chapter 390, Sections 28, 30, 31, 35, and 41.)

The following provision applies to all Minnesota public pension organizations.

f. Filing economic interest statements. A copy of the economic interest statements, currently required to be available for public inspection in the offices of the pension plan, must be filed with the ethical practices board. (MN Laws 1996, Chapter 438, Article 10, Section 2.)

The 1996 Legislature directed the LCPR to conduct several studies of pension issues as noted in (g) through (i) below. The chair of the LCPR is also required to chair the study group in (j) below.

g. Study of pension plan types: defined benefit and defined contribution plans. The LCPR must report to the Legislature by February 15, 1997, on the relative advantages and disadvantages, including any federal taxation considerations, of defined benefit pension plans and defined contribution pension plans. (MN Laws 1996, Chapter 438, Article 6, Section 6.)

h. Study of appropriate retirement coverage for educational breaks-in-service at a regional treatment center. The LCPR must study the topic of appropriate retirement coverage for employees of regional treatment centers who terminated state service to undertake additional education, received a state stipend during the educational training period, and who were rehired upon completion of the educational period. The study will include identifying the accrued liability associated with the suggested treatment or treatments and a method for funding that liability. The LCPR will report its recommendations by March 1, 1997 to the chairs of the committees on Government Operations and Ways and Means in the House, and to the chairs of Government Operations and Veterans, and Finance in the Senate. (MN Laws 1996, Chapter 438, Article 9, Section 2.)

i. Information on separate police and fire payrolls and PERA P&F contributions; required study. To receive state police aid and state fire aid for 1996, each covered employer must separately report the number of PERA P&F-covered police officers for calendar year 1995, their combined covered salary, and the amount of corresponding employer contribution to PERA P&F. The same information must be provided for PERA P&F covered firefighters. Using this information, PERA and the Commissioner of Revenue must jointly report by November 1, 1996 to the LCPR on the amounts of police state aid by employing unit that was used to cover the employer cost of firefighter pensions. The LCPR will use this information to study the issue of financing firefighter pensions from police state aid. By March 1, 1997, the LCPR must report any recommendations to the chairs of the House Government Operations Committee and the Committee on Ways and Means, and to the chairs of the Senate Government Operations and Veterans Committee and the Senate Finance Committee. (MN Laws 1996, Chapter 390, Sections 37 and 38.)

The following establishes a task force to study the investment performance attribution issue. The group is to be chaired by the Chair of the LCPR.

j. Review of investment performance attribution reporting forms and process. A special task force shall report to the Legislature by February 15, 1997 on its review of the forms and process used in investment performance attribution reporting. The task force is to consider, at a minimum, changes required to simplify investment performance attribution reporting for smaller pension plans, to include the investment performance attribution reporting in the annual financial reports, to combine time-weighted rate of return reporting and investment attribution reporting, and to determine the appropriate entity to administer any combined reporting program. The task force consists of the following individuals or their designee: the Chair of the LCPR, the Vice-Chair of the LCPR, the Chair of the House Government Operations Committee, the Chair of the Senate Government Operations and Veterans Committee, the Executive Director of the SBI, and the State Auditor. Two members are to be designated by the LCPR Chair: a first class city teacher retirement fund association representative and a representative of a local police or salaried firefighter relief association. Remaining members are: two volunteer firefighter board members designated by the Minnesota Area Relief Association Coalition, two volunteer firefighter board members designated by the Minnesota State Fire Chief's Association, two volunteer firefighter board members designated by the Minnesota State Fire Department Association, and a municipal representative on a board of trustees of a volunteer firefighter relief association with assets under $300,000 as designated by the Executive Director of the League of Minnesota Cities. (MN Laws 1996, Chapter 438, Article 10, Section 3.)

III. Miscellaneous Legislation

The following two provisions were included in an omnibus pension bill, H.F. 2493 (Laws 1996, Chapter 448), but are not pension related.

a. Saint Louis Park, exclusion of firefighters from civil service. Saint Louis Park volunteer and paid-on-call firefighters who are employees of the fire department are excluded from civil service. Requires local approval. (MN Laws 1996, Chapter 448, Article 2, Section 4.)

b. Tort liability and immunity, non-profit firefighting corporations. Non-profit firefighting corporations will be treated like a municipality for purposes of tort liability and immunity. (MN Laws 1996, Chapter 448, Article 6.)