

# Legislative Commission on Pensions and Retirement

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TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Susan Lenczewski, Executive Director

DATE: March 24, 2019

RE: H.F. 2631 (Nelson); S.F. 2621 (Senjem) and Delete-All Amendment H2631-1A:  
Supplemental Pension and Retirement Plans for Trade Unions

## Background

Minnesota Statutes, Section 356.24, subdivision 1, prohibits school districts, local governments, and state agencies from contributing public funds to pension or deferred compensation plans that are in addition to the primary pension program that otherwise covers public employees. The statute refers to these plans as “supplemental,” to distinguish them from the “primary” pension plans. Primary pension plans would include the statewide pension plans administered by the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA).

For example, the employees of a city are required to participate in the General Employee Retirement Plan of the Public Employees Retirement Association (PERA General) and the city is required to contribute to PERA General. This pension plan would be considered the primary pension plan. If a city wanted to adopt its own pension plan for its employees, to provide an additional retirement benefit to which public funds would be contributed, that pension plan would be considered a supplemental plan and is prohibited under Section 356.24, subdivision 1, unless an exception applies.

Section 356.24, Subdivision 2, takes this a step further, stating:

No change in benefits or employer contributions in a supplemental pension plan to which this section applies that occurs after May 6, 1971, is effective without prior legislative authorization.

So even if a public employer is permitted to sponsor a supplemental pension or retirement plan under one of the exceptions listed in subdivision 1, the employer is not permitted to make a change in benefits or the amount of the employer contributions without “prior legislative authorization.”

**History and legislative intent.** Section 356.24 was added to the Minnesota Statutes in 1971 and, at that time, was a blanket prohibition on any supplemental pension or deferred compensation plan, except those already in existence in 1971. The Legislative Commission on Pensions and Retirement's (LCPR) legislative history files date back only until 1975, so we are not able to verify legislative intent, but it is likely that the law was the result of concern on the part of the legislature that if the State makes available publicly-funded pension plans for public employees, individual governmental employers should

not be permitted to spend public funds to establish and maintain another (“supplemental”) pension or retirement plan.

Since 1971, the list of exceptions to the blanket prohibition has grown. Exceptions now include group health, disability, severance, post-retirement medical, and death benefit plans, the Minnesota Deferred Compensation Plan, other individual account plans, and a number of multiemployer pension funds.

***Exceptions for multiemployer plans.*** Multiemployer pension plans, also known as “Taft-Hartley plans,” are collectively bargained plans maintained by more than one employer, usually within the same or related industries, and a labor union. They are typically governed by a board of trustees, on which labor and management are equally represented. According to the Pension Benefit Guaranty Corporation (PBGC), there are about 1,400 multiemployer defined benefit pension plans, covering about 10 million participants, many of whom are employed in the building and construction industries.

Multiemployer plans have been in the news in the last several years because many of them are seriously underfunded. Under laws enacted in 2014, multiemployer plans are permitted to cut otherwise protected pension benefits, including to retirees in pay status, if the plan is projected to run out of money before paying all pension benefits. Over the past couple years, Congress has been trying to come up with a plan to provide financial assistance, including a bail-out, to these ailing pension plans, because of the significant negative financial impact pension cuts are having and will have on millions of current employees and retirees.

Five of the exceptions listed in Section 356.24, subdivision 1, to the prohibition against supplemental plans are for multiemployer plans. These are supplemental plans because the employees covered by these plans are, in general, also in PERA General. All except one of the excepted multiemployer plans are subject to a dollar limit on the amount of public funds that may be contributed to the multiemployer plan. For example, in the case of the laborers national industrial or local pension fund, the employer contribution cannot exceed \$7,000 per year per employee.

Commission members may recall that the laborers pension funds were the subject of a bill introduced in 2016 and included in the 2018 omnibus pension bill, to raise the employer contribution limit per year per employee from \$5,000 to \$7,000. The national fund was in “critical status” or “red zone” status, which means that the fund is less than 65% funded. This underfunded status caused the national fund to implement an annual 10% increase in the employer contributions to be paid by each participating employer, among other rehabilitation measures. This was, in part, the reason union representatives requested legislation in 2016 to increase the \$5,000 per employee annual employer contribution limit under the statute.

It is nearly impossible for an employer to disengage from a multiemployer plan, short of bankruptcy, which is not likely to occur in the case of a public employer. If an employer withdraws from a multiemployer plan, the employer is required to pay withdrawal liability that is generally equal to the employer’s proportionate share of the plan’s unfunded vested liabilities, as determined under a statutory formula. Thus, once a public employer begins contributing on behalf of its union employees to a multiemployer plan, there is little that can be done to end participation in the plan.

**Recent developments.** The prohibition on supplemental plans under section 356.24 has come to the attention of the City of St. Paul, the St. Paul School District, and other labor organizations representing employees in the trades. They have discovered that employer contributions are being made to at least seven multiemployer plans that are not currently included in the list of exceptions from the general prohibition on public employers making contributions to supplemental plans. The City and School District have agreed to these contributions in collective bargaining agreements with the various trade unions involved.

The City, School District, and labor organizations have also become aware that, with respect to the supplemental multiemployer plans that are listed as exceptions, the annual per employee employer contribution currently being made to several of these multiemployer funds exceeds the dollar limit set forth in the statute.

### Summary of the Bill

H.F. 2631 (Nelson); S.F. 2621 (Senjem) adds additional trades and their multiemployer funds to the list of exceptions to the prohibition on supplemental plans, increases the dollar limit on employer contributions to \$50,000 per year per employee for most of the plans, and makes conforming changes to the definition of “salary” in the PERA statutes. Section 2 is discussed first since it is the substantive change. Section 1 is a conforming change but has raised another concern that has yet to be investigated by the labor organizations and the employers.

**Section 2:** Amends Minnesota Statutes, Section 356.24, subdivision 1, to add trade unions and their multiemployer funds and incorporate multiemployer funds listed elsewhere in this section into a single list, as new clause (14), with a limit of \$50,000 on the annual dollar amount that can be contributed to these plans per employee. The international union of operating engineers and the international association of machinists are not included in the list in clause (14), but remain as separate clauses with lower annual limits (\$10,500 for the operating engineers at new clause (9); \$5,000 for the machinists at new clause (10)). All of the multiemployer plans listed in Section 356.24, subdivision 1, are supplemental because the covered employees also participate in the PERA General plan.

**Section 1:** Makes conforming changes to the definition of salary in Minnesota Statutes, Section 353.01, subdivision 10, which is the definition used under PERA General for purposes of 1) employer and employee contributions, which is determined as a specified percentage of salary, and 2) the amount of each member’s pension benefit, which is determined by multiplying the member’s average salary over his or her highest five years times years of service times 1.7%.

### Concerns Raised and Information Needed

The proposed legislation was requested by the labor organizations as a quick fix to clear violations of the prohibition under Section 356.24 on supplemental pension plans. It raises a number of questions and concerns, including:

1. How many years have these employers been contributing to supplemental plans in violation of Section 356.24, subdivision 1?

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2. How many benefit or contribution changes have occurred without prior legislative approval as required by Section 356.24, subdivision 2?
3. What is the current level of employer contributions to these multiemployer plans? Is a contribution at the new limit of \$50,000 per employee annually reasonable in view of the reason for the statutory prohibition on supplemental plans?
4. Why are the City of St. Paul and the St. Paul School District the only public employers that have agreed to contribute to both PERA General and multiemployer pension funds, through collective bargaining agreements? (That is, don't other cities use the services of these trades and would be required to bargain over the compensation that will be applied toward retirement benefits for these employees?)
5. What is the legislature's interest in monitoring public employers' involvement in multiemployer plans, especially in view of the likelihood that employer liability under multiemployer plans will continue to grow for the participating public employers?
6. If other cities have avoided violating Sections 356.24, subdivisions 1 and 2, by not having the employees in these trades participate in PERA General, shouldn't the City of St. Paul and the School District seek an exception from the PERA coverage requirement for these employees so the violations cease?
7. What is the legislature's interest, generally, in monitoring public employers' contributions of public funds to supplemental pension and retirement plans; and in monitoring changes in benefits and contributions to these plans, when they are permitted through an exception to the general prohibition?

### Summary of Amendment H2631-1A

Amendment H2631-1A is a delete-all amendment that puts everything on hold for one year, until June 30, 2020, to gather information that will address the questions raised above and to formulate a solution that almost certainly will require legislation.

**Section 1 of the Amendment:** Permits the City of St. Paul and the St. Paul School District to continue contributing public funds to all the multiemployer funds listed in the amendment (which mirrors the funds listed in the bill), as required under the applicable collective bargaining agreements.

**Section 2 of the Amendment:** Requires these employers and the local trade unions involved in these funds to work with the LCPR staff over the interim to prepare draft legislation that will address the statutory violations that have been occurring and would otherwise have occurred again this year. Alternatives for the draft legislation are provided, as follows:

1. Provide for an exclusion from participation in the PERA General plan for all employees of these two St. Paul employers who are contributing to the multiemployer pension funds, so the multiemployer funds will no longer be considered supplemental, but will be the primary pension plan for these employees;
2. Add a reporting requirement that will require employers participating in multiemployer pension funds to report the level of their participation to the LCPR or another entity;

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3. Come up with other safeguards that take into account the needs of the employers for the services of these trades, the ongoing participation of these employers in multiemployer funds, and the need for some reasonable limits on the public funds to be used to provide retirement benefits for public employees.

**Staff comment.** As the LCPR staff learned more about the details involved and the extent to which it appears state law has been violated, it became clear that more information and a comprehensive fix are needed. The resolution will require the involvement of both the St. Paul employers, as well as the union representatives.

Some information, if correct, is especially troubling and should be verified. For instance, we understand that, in addition to making contributions to the PERA General plan, the City contributes as much as an additional \$30,000 per year per employee to one of the multiemployer funds on behalf of a few employees. We also discovered from publicly available sources that many of the multiemployer funds involved are in “critical” status, which means that employer contributions will likely have to increase as pension benefits decrease in order to protect against insolvency.

It is also not clear whether employer contributions to multiemployer funds, as are occurring in this case, are included as “salary” for PERA purposes. If they are included as salary, it is not yet known whether these employers have been contributing to the PERA General Plan based on these contributions, in addition to wages.

Finally, the discovery that, since 1971, the statute requires employers to obtain legislative approval for any changes in benefits or contributions to the supplemental plans to which they contribute public funds suggests much more legislative interest, historically, in regulating the amount of public funds used to provide retirement benefits to public employees. It may be the case that this statutory requirement has been violated not only by the employers involved in these multiemployer funds, but also by other employers who contribute to the other supplemental retirement plans listed in the statute. Under Section 356.24, subdivision 2, every change to benefits or contributions to a supplemental plan was to have been pre-approved by the legislature.

1.1 ..... moves to amend H.F. No. 2631; S.F. No. 2621, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. CITY OF ST. PAUL; ST. PAUL SCHOOL DISTRICT; TEMPORARY  
1.4 SUPPLEMENTAL PENSION PLAN CONTRIBUTION RESTRICTION  
1.5 EXEMPTION.

1.6 Notwithstanding Minnesota Statutes, section 356.24, subdivision 1, until June 30, 2020,  
1.7 the city of St. Paul and Independent School District No. 625, St. Paul, shall be permitted to  
1.8 levy taxes for or contribute public funds to a supplemental pension or deferred compensation  
1.9 plan established, maintained, and operated in addition to a primary pension program for the  
1.10 benefit of the governmental subdivision employees if and to the extent permitted or allocated  
1.11 under the applicable collective bargaining agreements to any of the following retirement  
1.12 funds:

1.13 (1) the international union of operating engineers pension fund;

1.14 (2) the International Association of Machinists national pension fund;

1.15 (3) the laborers national industrial pension fund or a laborers local pension fund;

1.16 (4) the plumbers and pipefitters national pension fund or a plumbers and pipefitters local  
1.17 pension fund;

1.18 (5) the sheet metal workers national defined benefit pension fund, a sheet metal workers  
1.19 local defined benefit pension fund, or a sheet metal workers local defined contribution  
1.20 retirement fund;

1.21 (6) the elevator constructors national pension fund or the elevator constructors annuity  
1.22 and 401(k) retirement plan;

2.1 (7) the national electrical benefit fund, an electricians local defined benefit pension fund,  
2.2 or an electricians local defined contribution pension fund;

2.3 (8) the carpenters and joiners defined benefit pension fund or the carpenters and joiners  
2.4 defined contribution pension fund;

2.5 (9) the sprinkler fitters national defined benefit pension fund or the sprinkler fitters  
2.6 supplemental defined contribution pension fund;

2.7 (10) the painters and allied trades national pension fund or a painters and allied trades  
2.8 local pension fund; or

2.9 (11) the national roofing industry pension fund or a roofers local defined contribution  
2.10 fund.

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

2.12 Sec. 2. **DIRECTION TO PREPARE DRAFT LEGISLATION.**

2.13 Representatives of the city of St. Paul, Independent School District No. 625, St. Paul,  
2.14 and the local trade unions participating in the funds listed in section 1 shall work with the  
2.15 staff of the Legislative Commission on Pensions and Retirement to prepare draft legislation  
2.16 for consideration during the 2020 legislative session and submit the draft legislation to the  
2.17 executive director of the Legislative Commission on Pensions and Retirement no later than  
2.18 November 30, 2019. The draft legislation must eliminate the need to identify in Minnesota  
2.19 Statutes, section 356.24, specific multiemployer funds in which the city of St. Paul or  
2.20 Independent School District No. 625, St. Paul, participate, including the funds listed in  
2.21 section 1, by:

2.22 (1) excluding from eligibility under a pension plan administered by the public employees  
2.23 retirement association or the teachers retirement association, as applicable, any employee  
2.24 accruing a retirement benefit under a multiemployer fund in which the city of St. Paul or  
2.25 Independent School District No. 625, St. Paul, participate, including the funds listed in  
2.26 section 1, who is or becomes employed by the city of St. Paul and Independent School  
2.27 District No. 625, St. Paul, for any year that the employee participates in the multiemployer  
2.28 fund; or

2.29 (2) requiring reporting to the Legislative Commission on Pensions and Retirement or  
2.30 another entity with oversight information on the specific funds, including funding information  
2.31 for each fund, annual contribution rates per employee, and the number of employees  
2.32 participating; or

3.1 (3) providing other safeguards that take into account the needs of the city of St. Paul,  
3.2 Independent School District No. 625, St. Paul, the trade unions, and the state of Minnesota  
3.3 with regard to the use of public funds for supplemental pension and deferred compensation  
3.4 plans.

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

3.6 Amend the title accordingly



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State of Minnesota  
HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **2631**

03/20/2019 Authored by Nelson  
The bill was read for the first time and referred to the Committee on Government Operations

- 1.1 A bill for an act
- 1.2 relating to retirement; increasing the limits for contributions by governmental
- 1.3 subdivisions to supplemental pension funds and other retirement funds on behalf
- 1.4 of laborers, plumbers and pipefitters, and operating engineers who are covered by
- 1.5 collective bargaining agreements; authorizing limited contributions to supplemental
- 1.6 pension funds and other retirement funds on behalf of other building trades
- 1.7 employees; amending Minnesota Statutes 2018, sections 353.01, subdivision 10;
- 1.8 356.24, subdivision 1.
- 1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.10 Section 1. Minnesota Statutes 2018, section 353.01, subdivision 10, is amended to read:
- 1.11 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:
- 1.12 (1) the wages or periodic compensation payable to a public employee by the employing
- 1.13 governmental subdivision before:
- 1.14 (i) employee retirement deductions that are designated as picked-up contributions under
- 1.15 section 356.62;
- 1.16 (ii) any employee-elected deductions for deferred compensation, supplemental retirement
- 1.17 plans, or other voluntary salary reduction programs that would have otherwise been available
- 1.18 as a cash payment to the employee; and
- 1.19 (iii) employee deductions for contributions to a supplemental plan or to a governmental
- 1.20 trust established under section 356.24, subdivision 1, clause (7), to save for postretirement
- 1.21 health care expenses, unless otherwise excluded under paragraph (b);
- 1.22 (2) for a public employee who is covered by a supplemental retirement plan under section
- 1.23 356.24, subdivision 1, clause (8), ~~(9)~~, (10), or ~~(12)~~ (14), the employer contributions to the
- 1.24 applicable supplemental retirement plan when an agreement between the parties establishes

2.1 that the contributions will either result in a mandatory reduction of employees' wages through  
2.2 payroll withholdings, or be made in lieu of an amount that would otherwise be paid as  
2.3 wages;

2.4 (3) a payment from a public employer through a grievance proceeding, settlement, or  
2.5 court order that is attached to a specific earnings period in which the employee's regular  
2.6 salary was not earned or paid to the member due to a suspension or a period of involuntary  
2.7 termination that is not a wrongful discharge under section 356.50; provided the amount is  
2.8 not less than the equivalent of the average of the hourly base salary rate in effect during the  
2.9 last six months of allowable service prior to the suspension or period of involuntary  
2.10 termination, plus any applicable increases awarded during the period that would have been  
2.11 paid under a collective bargaining agreement or personnel policy but for the suspension or  
2.12 involuntary termination, multiplied by the average number of regular hours for which the  
2.13 employee was compensated during the six months of allowable service prior to the suspension  
2.14 or period of involuntary termination, but not to exceed the compensation that the public  
2.15 employee would have earned if regularly employed during the applicable period;

2.16 (4) compensation paid during an authorized leave of absence, other than an authorized  
2.17 medical leave of absence, as long as the compensation paid during a pay period is not less  
2.18 than the lesser of:

2.19 (i) the product of the average hourly base salary rate in effect during the six months of  
2.20 allowable service immediately preceding the leave, multiplied by the average number of  
2.21 regular hours for which the employee was compensated each pay period during the six  
2.22 months of allowable service immediately preceding the leave of absence; or

2.23 (ii) compensation equal to the value of the employee's total available accrued leave  
2.24 hours;

2.25 (5) compensation paid during an authorized medical leave of absence, other than a  
2.26 workers' compensation leave, as long as the compensation paid during a pay period is not  
2.27 less than the lesser of:

2.28 (i) the product of one-half and the average hourly base salary rate in effect during the  
2.29 six months of allowable service immediately preceding the leave of absence; or

2.30 (ii) compensation equal to the value of the employee's total available accrued leave  
2.31 hours; and

2.32 (6) for a public employee who receives performance or merit bonus payment under a  
2.33 written compensation plan, policy, or collective bargaining agreement in addition to regular

3.1 salary or in lieu of regular salary increases, the compensation paid to the employee for  
3.2 attaining or exceeding performance goals, duties, or measures during a specified period of  
3.3 employment.

3.4 (b) Salary does not mean:

3.5 (1) fees paid to district court reporters;

3.6 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or  
3.7 periodic payments;

3.8 (3) for the donor, payment to another person of the value of hours donated under a  
3.9 benevolent vacation, personal, or sick leave donation program;

3.10 (4) any form of severance or retirement incentive payments;

3.11 (5) an allowance payment or per diem payments for or reimbursement of expenses;

3.12 (6) lump-sum settlements not attached to a specific earnings period;

3.13 (7) workers' compensation payments or disability insurance payments, including payments  
3.14 from employer self-insurance arrangements;

3.15 (8) employer-paid amounts used by an employee toward the cost of insurance coverage,  
3.16 flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses,  
3.17 or any payments in lieu of any employer-paid group insurance coverage, including the  
3.18 difference between single and family rates that may be paid to a member with single coverage  
3.19 and certain amounts determined by the executive director to be ineligible;

3.20 (9) employer-paid fringe benefits, including, but not limited to:

3.21 (i) employer-paid premiums or supplemental contributions for employees for all types  
3.22 of insurance;

3.23 (ii) membership dues or fees for the use of fitness or recreational facilities;

3.24 (iii) incentive payments or cash awards relating to a wellness program;

3.25 (iv) the value of any nonmonetary benefits;

3.26 (v) any form of payment made in lieu of an employer-paid fringe benefit;

3.27 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity  
3.28 program; and

4.1 (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum  
4.2 amount or a fixed or matching amount paid on a recurring basis, that is not available to the  
4.3 employee as cash;

4.4 (10) the amount equal to that which the employing governmental subdivision would  
4.5 otherwise pay toward single or family insurance coverage for a covered employee when,  
4.6 through a contract or agreement with some but not all employees, the employer:

4.7 (i) discontinues, or for new hires does not provide, payment toward the cost of the  
4.8 employee's selected insurance coverages under a group plan offered by the employer;

4.9 (ii) makes the employee solely responsible for all contributions toward the cost of the  
4.10 employee's selected insurance coverages under a group plan offered by the employer,  
4.11 including any amount the employer makes toward other employees' selected insurance  
4.12 coverages under a group plan offered by the employer; and

4.13 (iii) provides increased salary rates for employees who do not have any employer-paid  
4.14 group insurance coverages;

4.15 (11) except as provided in section 353.86 or 353.87, compensation of any kind paid to  
4.16 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision  
4.17 35 or 36;

4.18 (12) the amount of compensation that exceeds the limitation provided in section 356.611;

4.19 (13) amounts paid by a federal or state grant for which the grant specifically prohibits  
4.20 grant proceeds from being used to make pension plan contributions, unless the contributions  
4.21 to the plan are made from sources other than the federal or state grant; and

4.22 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

4.23 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an  
4.24 employee by the employer through a grievance proceeding, a court order, or a legal settlement  
4.25 are salary only if the settlement or court order is reviewed by the executive director and the  
4.26 amounts are determined by the executive director to be consistent with paragraph (a) and  
4.27 prior determinations.

4.28 Sec. 2. Minnesota Statutes 2018, section 356.24, subdivision 1, is amended to read:

4.29 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other  
4.30 governmental subdivision or state agency to levy taxes for or to contribute public funds to  
4.31 a supplemental pension or deferred compensation plan that is established, maintained, and

5.1 operated in addition to a primary pension program for the benefit of the governmental  
5.2 subdivision employees other than:

5.3 (1) to a supplemental pension plan that was established, maintained, and operated before  
5.4 May 6, 1971;

5.5 (2) to a plan that provides solely for group health, hospital, disability, or death benefits;

5.6 (3) to the individual retirement account plan established by chapter 354B;

5.7 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or  
5.8 terminating employee;

5.9 (5) for employees other than personnel employed by the Board of Trustees of the  
5.10 Minnesota State Colleges and Universities and covered under the Higher Education  
5.11 Supplemental Retirement Plan under chapter 354C, but including city managers covered  
5.12 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph  
5.13 (a), or by the defined contribution plan of the Public Employees Retirement Association  
5.14 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is  
5.15 provided for in a personnel policy of the public employer or in the collective bargaining  
5.16 agreement between the public employer and the exclusive representative of public employees  
5.17 in an appropriate unit or in the individual employment contract between a city and a city  
5.18 manager, and if for each available investment all fees and historic rates of return for the  
5.19 prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily  
5.20 comprehended document not to exceed two pages, in an amount matching employee  
5.21 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
5.22 one-half of the available elective deferral permitted per year per employee, under the Internal  
5.23 Revenue Code:

5.24 (i) to the state of Minnesota deferred compensation plan under section 352.965;

5.25 (ii) in payment of the applicable portion of the contribution made to any investment  
5.26 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has  
5.27 complied with any applicable pension plan provisions of the Internal Revenue Code with  
5.28 respect to the tax-sheltered annuity program during the preceding calendar year; or

5.29 (iii) any other deferred compensation plan offered by the employer under section 457  
5.30 of the Internal Revenue Code;

5.31 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
5.32 and Universities and not covered by clause (5), to the supplemental retirement plan under  
5.33 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in

6.1 the collective bargaining agreement of the public employer with the exclusive representative  
6.2 of the covered employees in an appropriate unit, in an amount matching employee  
6.3 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
6.4 \$2,700 a year for each employee;

6.5 (7) to a supplemental plan or to a governmental trust to save for postretirement health  
6.6 care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the  
6.7 supplemental plan coverage is provided for in a personnel policy or in the collective  
6.8 bargaining agreement of a public employer with the exclusive representative of the covered  
6.9 employees in an appropriate unit;

6.10 ~~(8) to the laborers national industrial pension fund or to a laborers local pension fund~~  
6.11 ~~for the employees of a governmental subdivision who are covered by a collective bargaining~~  
6.12 ~~agreement that provides for coverage by that fund and that sets forth a fund contribution~~  
6.13 ~~rate, but not to exceed an employer contribution of \$7,000 per year per employee;~~

6.14 ~~(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters~~  
6.15 ~~local pension fund for the employees of a governmental subdivision who are covered by a~~  
6.16 ~~collective bargaining agreement that provides for coverage by that fund and that sets forth~~  
6.17 ~~a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per~~  
6.18 ~~employee;~~

6.19 ~~(10)~~ (8) to the international union of operating engineers pension fund for the employees  
6.20 of a governmental subdivision who are covered by a collective bargaining agreement that  
6.21 provides for coverage by that fund and that sets forth a fund contribution rate, but not to  
6.22 exceed an employer contribution of ~~\$5,000~~ \$10,500 per year per employee;

6.23 ~~(11)~~ (9) to a supplemental plan organized and operated under the federal Internal Revenue  
6.24 Code, as amended, that is wholly and solely funded by the employee's accumulated sick  
6.25 leave, accumulated vacation leave, and accumulated severance pay;

6.26 ~~(12)~~ (10) to the International Association of Machinists national pension fund for the  
6.27 employees of a governmental subdivision who are covered by a collective bargaining  
6.28 agreement that provides for coverage by that fund and that sets forth a fund contribution  
6.29 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

6.30 ~~(13)~~ (11) for employees of United Hospital District, Blue Earth, to the state of Minnesota  
6.31 deferred compensation program, if the employee makes a contribution, in an amount that  
6.32 does not exceed the total percentage of covered salary under section 353.27, subdivisions  
6.33 3 and 3a;

- 7.1 ~~(14)~~(12) to the alternative retirement plans established by the Hennepin County Medical  
7.2 Center under section 383B.914, subdivision 5; ~~or~~
- 7.3 ~~(15)~~(13) to the International Brotherhood of Teamsters Central States pension plan for  
7.4 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who  
7.5 are members of the International Brotherhood of Teamsters Local 638 by virtue of that  
7.6 employment; or
- 7.7 (14) to any of the following retirement funds, for employees covered by a collective  
7.8 bargaining agreement that provides for coverage by the fund and sets forth fund contribution  
7.9 rates, but not to exceed an employer contribution of \$50,000 per year per employee:
- 7.10 (i) the laborers national industrial pension fund or a laborers local pension fund;
- 7.11 (ii) the plumbers and pipefitters national pension fund or a plumbers and pipefitters local  
7.12 pension fund;
- 7.13 (iii) the sheet metal workers national defined benefit pension fund, a sheet metal workers  
7.14 local defined benefit pension fund, or a sheet metal workers local defined contribution  
7.15 retirement fund;
- 7.16 (iv) the elevator constructors national pension fund or the elevator constructors annuity  
7.17 and 401(k) retirement plan;
- 7.18 (v) the national electrical benefit fund, an electricians local defined benefit pension fund,  
7.19 or an electricians local defined contribution pension fund;
- 7.20 (vi) the carpenters and joiners defined benefit pension fund or the carpenters and joiners  
7.21 defined contribution pension fund;
- 7.22 (vii) the sprinkler fitters national defined benefit pension fund or the sprinkler fitters  
7.23 supplemental defined contribution pension fund;
- 7.24 (viii) the painters and allied trades national pension fund or a painters and allied trades  
7.25 local defined contribution retirement fund; or
- 7.26 (ix) the national roofing industry pension fund or a roofers local defined contribution  
7.27 fund.
- 7.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.