

1.1 A bill for an act
1.2 relating to retirement; volunteer firefighter relief associations and the Public
1.3 Employees Retirement Association statewide volunteer firefighter plan; revising
1.4 the authorized allocation of fire state aid; amending Minnesota Statutes 2018,
1.5 section 69.031, subdivision 5; proposing coding for new law in Minnesota Statutes,
1.6 chapters 353G; 424A.

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

1.8 Section 1. Minnesota Statutes 2018, section 69.031, subdivision 5, is amended to read:

1.9 Subd. 5. **Deposit of state aid.** (a)(1) If the municipality or the independent nonprofit
1.10 firefighting corporation is covered by the voluntary statewide ~~lump-sum~~ volunteer firefighter
1.11 retirement plan under chapter 353G, the executive director shall credit the fire state aid
1.12 against future municipal contribution requirements under section 353G.08 and shall notify
1.13 the municipality or independent nonprofit firefighting corporation of the fire state aid so
1.14 credited at least annually. If an agreement exists under section 353G.20, the executive
1.15 director must allocate the fire state aid in accordance with that section.

1.16 (2) Unless an agreement is established under section 424A.081, if the municipality or
1.17 the independent nonprofit firefighting corporation is not covered by the voluntary statewide
1.18 ~~lump-sum~~ volunteer firefighter retirement plan, the municipal treasurer shall, within 30
1.19 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated
1.20 firefighters' relief association if there is one organized and the association has filed a financial
1.21 report with the municipality. If the relief association has not filed a financial report with
1.22 the municipality, the municipal treasurer shall delay transmission of the fire state aid to the
1.23 relief association until the complete financial report is filed.

2.1 (3) The treasurer of the municipality must deposit the fire state aid money in the municipal
2.2 treasury if (i) the municipality or independent nonprofit firefighting corporation is not
2.3 covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if (ii)
2.4 there is no relief association organized, or if (iii) the association has dissolved, or (iv) the
2.5 association has been removed as trustees of state aid, then the treasurer of the municipality
2.6 shall deposit the money in the municipal treasury and. The money may be disbursed from
2.7 the municipal treasury only for the purposes and in the manner set forth in section 424A.08
2.8 or for the payment of the employer contribution requirement with respect to firefighters
2.9 covered by the public employees police and fire retirement plan under section 353.65,
2.10 subdivision 3.

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

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

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

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

3.1 general fund, the amounts transferred from the appropriation for police state aid must be
3.2 canceled to the general fund.

3.3 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

3.4 Sec. 2. **[353G.20] COMBINATION FIRE DEPARTMENTS FIRE STATE AID.**

3.5 Subdivision 1. **Eligibility.** The executive director must allocate fire state aid as required
3.6 under subdivision 3 on behalf of an eligible entity. An eligible entity is a municipality or
3.7 independent nonprofit firefighting corporation that meets the following requirements:

3.8 (1) the entity has volunteer firefighters covered by the plan and firefighters covered by
3.9 the public employees police and fire retirement plan; and

3.10 (2) the entity has submitted an aid allocation agreement that meets the requirements of
3.11 subdivision 2.

3.12 Subd. 2. **Aid allocation agreement.** (a) The aid allocation agreement must be in writing
3.13 and include the following:

3.14 (1) the percentage or dollar amount of the entity's annual fire state aid to be allocated
3.15 for municipal contributions to the plan;

3.16 (2) the signature of an individual authorized to sign on behalf of the entity certifying
3.17 that the entity consents to the terms of the agreement; and

3.18 (3) the signatures of the majority of the members associated with the entity.

3.19 (b) The signatures of the majority of members associated with the entity constitutes
3.20 consent of the volunteer firefighters for the purposes of this section.

3.21 (c) Prior to obtaining signatures from the members under paragraph (a), clause (3), the
3.22 entity must provide to the members a copy of the agreement and a summary describing the
3.23 allocation agreement and the effect of their signatures under paragraph (b).

3.24 (d) The agreement must be filed with the executive director by March 30 of the first
3.25 year in which aid is to be allocated.

3.26 Subd. 3. **Allocation of fire state aid.** (a) Upon receipt of the fire state aid under section
3.27 69.031, subdivision 5, paragraph (a), clause (1), the executive director must allocate the fire
3.28 state aid to the plan on behalf of an eligible entity according to the percentage or dollar
3.29 amount indicated in the aid allocation agreement. The executive director must allocate all
3.30 remaining fire state aid to the public employees police and fire retirement plan under section
3.31 353.65. The allocated aid must be credited against future contributions to the plan under

4.1 section 353G.08, subdivision 1a, and against future employer contributions to the public
4.2 employees police and fire retirement plan under section 353.65. If the amount credited for
4.3 employer contributions to the public employees police and fire retirement plan exceeds the
4.4 actual required employer contributions in a given fiscal year, the balance must be reallocated
4.5 to the plan.

4.6 (b) The executive director must provide the eligible entity with a statement of the allocated
4.7 fire state aid by December 31 of each year.

4.8 Subd. 4. **Modifying the state aid allocation agreement.** The aid allocation agreement
4.9 may be modified provided that the modifications are made in the manner described under
4.10 subdivision 2.

4.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

4.12 Sec. 3. **[424A.081] COMBINATION FIRE DEPARTMENTS.**

4.13 Subdivision 1. **Eligibility.** A municipality that receives fire state aid on behalf of a relief
4.14 association under section 69.031, subdivision 5, paragraph (a), clause (2), must disburse
4.15 the fire state aid in accordance with subdivision 3 if the municipality or its affiliated
4.16 independent nonprofit firefighting corporation:

4.17 (1) has volunteer firefighters that are covered by a relief association;

4.18 (2) contributes on behalf of firefighters to the public employees police and fire retirement
4.19 plan under section 353.65; and

4.20 (3) enters into an aid disbursement agreement under subdivision 2 with its affiliated
4.21 relief association.

4.22 Subd. 2. **Aid disbursement agreement.** (a) An aid disbursement agreement is a written
4.23 agreement that meets the requirements of this subdivision.

4.24 (b) The aid disbursement agreement specifies the percentage or dollar amount of the
4.25 total annual fire state aid that will be transmitted to the relief association.

4.26 (c) The aid disbursement agreement has been signed by:

4.27 (1) An individual authorized to sign on behalf of the municipality or its affiliated
4.28 independent nonprofit firefighting corporation, with a certification that the entity consents
4.29 to the terms of the agreement and that the individual is authorized to sign on behalf of the
4.30 entity; and

5.1 (2) The president of the relief association or a representative duly appointed for the
5.2 purposes of this section, with a certification that the relief association consents to the terms
5.3 of the agreement. The president or representative may certify the consent of the relief
5.4 association to an aid disbursement agreement only upon completion of the following:

5.5 (i) Written notice is mailed to the address of record of each member of the relief
5.6 association. The notice must include the final terms of the aid disbursement agreement. The
5.7 notice may include a letter of support from the president or board of the relief association.

5.8 (ii) No earlier than 30 days following the mailing of the notice under clause (i), the board
5.9 of trustees of the relief association must hold a vote to approve the aid disbursement
5.10 agreement or to submit the agreement to the membership for a vote. A vote of a majority
5.11 of the board or, if submitted to the membership, a majority of the members in favor of the
5.12 agreement constitutes consent to the agreement.

5.13 Subd. 3. **Disbursement of fire state aid.** (a) If the aid disbursement agreement is between
5.14 a municipality and the affiliated relief association, then within 30 days of receipt of the fire
5.15 state aid money under section 69.031, subdivision 5, paragraph (a), clause (2), the municipal
5.16 treasurer of an eligible municipality must transmit to the relief association:

5.17 (1) an amount equal to the percentage or dollar amount of the annual state aid agreed to
5.18 in the aid disbursement agreement; and

5.19 (2) a statement of the amount of the total annual state aid that the municipality received
5.20 and the amount transmitted to the relief association under clause (1).

5.21 (b) If the aid disbursement agreement is between an independent nonprofit firefighting
5.22 corporation and the affiliated relief association, then within 30 days, the municipality must:

5.23 (1) transmit to the relief association an amount equal to the percentage or dollar amount
5.24 of the annual state aid agreed to in the aid disbursement agreement;

5.25 (2) transmit to the independent nonprofit firefighting corporation the remaining annual
5.26 state aid after the amount under clause (1) is determined;

5.27 (3) transmit to both the relief association and the independent nonprofit firefighting
5.28 corporation a statement of the amount of the total state aid that the municipality received,
5.29 the amount transmitted to the relief association under clause (1), and the amount transmitted
5.30 to the independent nonprofit firefighting corporation under clause (2).

5.31 (c) The fire state aid money retained by the municipal treasurer or independent nonprofit
5.32 firefighting corporation may only be disbursed for the payment of employer contributions
5.33 for firefighters covered by the public employees police and fire retirement plan. Fire state

6.1 aid money not contributed to the public employees police and fire plan by the end of the
6.2 fiscal year in which it was received must be transmitted to the relief association.

6.3 Subd. 4. **Modifying or terminating the state aid disbursement agreement.** (a) The
6.4 parties to the agreement may modify or terminate the aid disbursement agreement, provided
6.5 that the modification is in writing and the parties consent to the modifications using the
6.6 procedure under subdivision 2. An aid disbursement agreement may specify the period of
6.7 time covered by the agreement.

6.8 (b) If the amount of fire state aid disbursed to a municipality increases or decreases by
6.9 an amount greater than 50 percent of the previous year's fire state aid amount, then the aid
6.10 disbursement agreement may be terminated by either party to the agreement.

6.11 (c) Termination is effective for the fire state aids payable in the calendar year following
6.12 termination.

6.13 Subd. 5. **Filing requirement.** (a) By March 30 of the year in which aid is to be disbursed,
6.14 the municipality or independent nonprofit firefighting corporation must file a copy of the
6.15 agreement or modified agreement with the state auditor. The filing must include a copy of
6.16 the meeting minutes or resolution reflecting approval by the municipal governing body or
6.17 independent nonprofit firefighting corporation board.

6.18 (b) If an agreement terminates by its own terms or for any other reason, the municipality
6.19 or independent nonprofit firefighting corporation must notify the office of the state auditor
6.20 in writing within 30 days of the termination date.

6.21 (c) Failure of the municipality or independent nonprofit firefighting corporation to file
6.22 with the state auditor disqualifies the municipality from the disbursement of any future fire
6.23 state aid until the filing requirement has been completed. If the state auditor determines that
6.24 an aid disbursement agreement does not meet the requirements of subdivision 2, then any
6.25 future fire state aid must be transmitted to the fire relief association by the municipality
6.26 until the agreement meets the requirements under subdivision 2.

6.27 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.