

1.1 **2019 OMNIBUS BILL**  
 1.2 **LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT**  
 1.3 **AS OF MARCH 26, 2019**

1.4 ..... moves to amend H.F. No. 2632; S.F. No. 2583, as follows:

1.5 Delete everything after the enacting clause and insert:

1.6 **"ARTICLE 1**  
 1.7 **MINNESOTA STATE RETIREMENT SYSTEM**  
 1.8 **ADMINISTRATIVE PROVISIONS**

1.9 Section 1. Minnesota Statutes 2018, section 3A.02, is amended by adding a subdivision  
 1.10 to read:

1.11 Subd. 7. **Application procedure.** The application for a benefit or refund made under  
 1.12 this chapter must comply with section 352.115, subdivision 7a.

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

1.14 Sec. 2. Minnesota Statutes 2018, section 352.03, subdivision 1, is amended to read:

1.15 Subdivision 1. **Membership of board; election; term.** (a) The policy-making function  
 1.16 of the system is vested in a board of 11 members known as the board of directors. This  
 1.17 board shall consist of:

1.18 (1) three members appointed by the governor, one of whom must be a constitutional  
 1.19 officer or appointed state official and two of whom must be public members knowledgeable  
 1.20 in pension matters;

1.21 (2) four state employees elected by active ~~members~~ and ~~former~~ inactive vested members  
 1.22 eligible for a deferred annuity from of the general state employees retirement plan and  
 1.23 members with an account balance in the unclassified employees retirement program,

2.1 excluding employees and ~~deferred annuitants~~ inactive vested members for whom a board  
2.2 member is designated under clause (3);

2.3 (3) one employee of the Metropolitan Council's transit operations or its successor agency  
2.4 designated by the executive committee of the labor organization that is the exclusive  
2.5 bargaining agent representing employees of the transit division;

2.6 (4) one employee who is a member of the State Patrol retirement plan elected by active  
2.7 ~~members and former~~ inactive vested members ~~eligible for a deferred annuity from~~ of that  
2.8 plan;

2.9 (5) one employee who is a member of the correctional state employees retirement plan  
2.10 established under this chapter elected by active ~~members and former~~ inactive vested members  
2.11 ~~eligible for a deferred annuity from~~ of that plan; and

2.12 (6) one retired employee of a plan included in the system, elected by disabled and retired  
2.13 employees of the plans administered by the system at a time and in a manner determined  
2.14 by the board.

2.15 (b) The terms of the four elected state employees under paragraph (a), clause (2), must  
2.16 be staggered, with two of the state employee board positions elected each biennium, whose  
2.17 terms of office begin on the first Monday in May after their election. Elected members and  
2.18 the appointed member of the Metropolitan Council's transit operations hold office for a term  
2.19 of four years and until their successors are elected or appointed, and have qualified.

2.20 (c) An employee or former employee of the system is not eligible for membership on  
2.21 the board of directors. A state employee on leave of absence is not eligible for election or  
2.22 reelection to membership on the board of directors.

2.23 (d) The term of any board member who is on leave for more than six months  
2.24 automatically ends on expiration of the term of office.

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

2.26 Sec. 3. Minnesota Statutes 2018, section 352.03, subdivision 1b, is amended to read:

2.27 Subd. 1b. **Membership voting limitations.** (a) Active members and ~~former~~ inactive  
2.28 vested members ~~eligible for a deferred annuity from~~ of a plan under this chapter ~~or~~ chapter  
2.29 352B, or chapter 352D are eligible to vote in board elections as further specified and restricted  
2.30 in this section.

2.31 (b) Retired members and ~~disabilitants~~ from a plan in the system may vote only for the  
2.32 retired member position under subdivision 1, paragraph (a), clause (6).

3.1 ~~(c) If a former~~ an inactive vested member eligible for a deferred annuity from of a plan  
 3.2 under this chapter ~~or~~, chapter 352B, or chapter 352D is ~~a deferred annuitant from~~ an inactive  
 3.3 vested member of more than one plan covered by the system, that person is eligible to vote  
 3.4 only in elections applicable for ~~deferred annuitants from~~ inactive vested members of the  
 3.5 plan in the system from which the person last received allowable service.

3.6 (d) If a person is an active member of a plan in the system and is ~~a deferred annuitant~~  
 3.7 an inactive vested member or a retiree from another plan or plans in the system, the person  
 3.8 is only eligible to vote in board elections applicable due to the active member plan  
 3.9 membership.

3.10 (e) If a person is ~~a deferred annuitant~~ an inactive vested member from a plan in the  
 3.11 system and is also a retiree from another plan in the system, the person is only eligible to  
 3.12 vote in elections applicable due to the retiree status.

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

3.14 Sec. 4. Minnesota Statutes 2018, section 352.113, subdivision 2, is amended to read:

3.15 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total  
 3.16 and permanent disability benefit, or someone acting on behalf of the employee upon proof  
 3.17 of authority satisfactory to the director, shall file a written application for benefits in the  
 3.18 office of the system on or before the deadline specified in subdivision 4, paragraph (g).

3.19 (b) The application must be in a form and manner prescribed by the executive director  
 3.20 and include the medical reports required by subdivision 4, paragraph (b).

3.21 (c) The benefit shall begin to accrue the day following the start of disability or the day  
 3.22 following the last day paid, whichever is later, but not earlier than 180 days before the date  
 3.23 the application is filed ~~with the director~~ in an office of the system.

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

3.25 Sec. 5. Minnesota Statutes 2018, section 352.115, subdivision 7, is amended to read:

3.26 Subd. 7. **Application for annuity.** Application for annuity or optional annuity payment  
 3.27 may be made by the employee at time of retirement, or by someone acting ~~in~~ on behalf of  
 3.28 the employee; upon proof of authority satisfactory to the director.

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

4.1 Sec. 6. Minnesota Statutes 2018, section 352.115, is amended by adding a subdivision to  
4.2 read:

4.3 Subd. 7a. **Application procedure.** (a) The filing of an application of an annuity, refund,  
4.4 disability benefit, survivor benefit, death benefit, or other monthly benefit authorized by  
4.5 this chapter, chapters 3A, 352B, 352D, or 490 must comply with this subdivision.

4.6 (b) Filing of an application under paragraph (a) is not complete until an original  
4.7 application and supporting documents are received in an office of the system or received  
4.8 by a person authorized by the director. An original application may not be an electronic  
4.9 copy or facsimile copy and if received in an office of the system, must be delivered by  
4.10 personal service or mail.

4.11 (c) In this subdivision, "supporting documents" are:

4.12 (1) documents sufficient to verify birth;

4.13 (2) documents sufficient to verify marital status or establish the terms of a divorce, if  
4.14 applicable;

4.15 (3) the acknowledgment required by section 356.46, subdivision 3, paragraph (b).

4.16 Supporting documents are not required to be original documents except as determined  
4.17 by the director.

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

4.19 Sec. 7. Minnesota Statutes 2018, section 352.23, is amended to read:

4.20 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

4.21 (a) When any employee accepts a refund as provided in section 352.22, all existing  
4.22 allowable service credits and all rights and benefits to which the employee was entitled  
4.23 before accepting the refund terminate.

4.24 (b) Terminated service credits and rights must not again be restored until the former  
4.25 employee acquires at least six months of allowable service credit after taking the last refund  
4.26 and repays all refunds previously taken from the retirement fund with interest as provided  
4.27 in paragraph (d). If an employee repays only part of a refund or repays a refund in partial  
4.28 payments as permitted under paragraph (d), service credit will be restored in accordance  
4.29 with section 356.44. An employee will not be considered as entitled to any other benefit,  
4.30 including benefits for which the employee may be eligible because of the employee's original  
4.31 hire date into public employment, until full repayment of all refunds has been made.

5.1 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)  
 5.2 salary deductions; (2) payments previously made in lieu of salary deductions as permitted  
 5.3 under law in effect when the payment in lieu of deductions was made; (3) payments made  
 5.4 to obtain credit for service as permitted by laws in effect when payment was made; and (4)  
 5.5 allowable service previously credited while receiving temporary workers' compensation as  
 5.6 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

5.7 (d) Payments under this section for repayment of refunds are to be paid with interest at  
 5.8 the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded  
 5.9 annually, from the date the refund was taken until the date the refund is repaid. Repayment  
 5.10 may be made in partial payments consistent with section 356.44 during employment or in  
 5.11 a lump sum up to six months after termination from service.

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

5.13 Sec. 8. Minnesota Statutes 2018, section 352.85, subdivision 4, is amended to read:

5.14 Subd. 4. **Election of coverage.** To be covered by this section~~352.85~~, any employee of  
 5.15 the Department of Military Affairs, described in subdivision 1, must file a notice with the  
 5.16 executive director of the system on a form prescribed by the executive director stating  
 5.17 ~~whether or not~~ that the employee elects to be covered. Notice must be filed within 90 days  
 5.18 of employment. Elected coverage is effective retroactively as of the first day of employment.  
 5.19 Amounts that would have been deducted from the employee's salary starting with the first  
 5.20 day of employment but were not deducted because the employee had not yet filed the election  
 5.21 must be deducted from the employee's future salary in accordance with a schedule of  
 5.22 deductions determined by the executive director and the Department of Military Affairs.  
 5.23 Elections are irrevocable during any period of covered employment. A failure to file a timely  
 5.24 notice is deemed a waiver of coverage by this section.

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

5.26 Sec. 9. Minnesota Statutes 2018, section 352.87, subdivision 8, is amended to read:

5.27 Subd. 8. **Election of coverage.** To be covered by this section, an employee of the  
 5.28 Department of Public Safety described in subdivision 1 who is employed in a position  
 5.29 described in that subdivision must file a notice with the executive director of the ~~Minnesota~~  
 5.30 ~~State Retirement~~ system on a form prescribed by the executive director stating ~~whether or~~  
 5.31 ~~not~~ that the employee elects to be covered by this section. Notice must be filed within 90  
 5.32 days of employment. Elected coverage is effective retroactively as of the first day of  
 5.33 employment. Amounts that would have been deducted from the employee's salary starting

6.1 with the first day of employment but were not deducted because the employee had not yet  
6.2 filed the election must be deducted from the employee's future salary in accordance with a  
6.3 schedule of deductions determined by the executive director and the Department of Public  
6.4 Safety. Elections are irrevocable during any period of covered employment. A failure to  
6.5 file a timely notice is deemed a waiver of coverage by this section.

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

6.7 Sec. 10. Minnesota Statutes 2018, section 352B.08, is amended by adding a subdivision  
6.8 to read:

6.9 Subd. 1a. **Application procedure.** The application for a benefit or refund made under  
6.10 this chapter must comply with section 352.115, subdivision 7a.

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

6.12 Sec. 11. Minnesota Statutes 2018, section 352D.05, subdivision 3, is amended to read:

6.13 Subd. 3. **Full or partial withdrawal.** After termination of covered employment or at  
6.14 any time thereafter, a participant is entitled, upon application, to withdraw the cash value  
6.15 of the participant's total shares or leave such shares on deposit with the supplemental  
6.16 retirement fund. The account is valued at the end of the most recent United States investment  
6.17 market day following receipt of the application for withdrawal. The application for  
6.18 withdrawal must be an original application, not an electronic or facsimile copy and must  
6.19 be received in an office of the system or by a person authorized by the executive director.  
6.20 Shares not withdrawn remain on deposit with the supplemental retirement fund until the  
6.21 former participant becomes at least 55 years old, and applies for an annuity under section  
6.22 352D.06, subdivision 1.

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

6.24 Sec. 12. Minnesota Statutes 2018, section 352F.04, subdivision 1, is amended to read:

6.25 Subdivision 1. **Enhanced augmentation rates.** The deferred annuity of a terminated  
6.26 hospital employee is subject to augmentation under Minnesota Statutes 1994, section 352.72,  
6.27 subdivision 2, except that the rate of augmentation to be applied each January 1 is set by  
6.28 this subdivision. For augmentation through December 31, 2018, the rate of augmentation  
6.29 is set under Minnesota Statutes 2016, section 352.04, subdivision 1. For augmentation  
6.30 beginning January 1, 2019, the rate of augmentation is the following:

7.1	January 1, 2019	4.5 percent
7.2	January 1, 2020	3.75 percent
7.3	January 1, 2021	3.0 percent
7.4	January 1, 2022	2.25 percent
7.5	January 1, 2023	1.5 percent
7.6	January 1, 2024	0.75 percent
7.7	After December 31, 2024, the deferred annuity must not be augmented.	

7.8 Augmentation for each year is effective as of January 1 of that year.

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

7.10 Sec. 13. Minnesota Statutes 2018, section 490.126, subdivision 3, is amended to read:

7.11 Subd. 3. **Application for annuity or refund.** An application for an annuity or a refund  
 7.12 under this chapter may be made by the potential annuitant or by someone authorized to act  
 7.13 for the potential annuitant. Every application for an annuity or refund, accompanied by a  
 7.14 proof of age and by a record of years of service when required, must be submitted to the  
 7.15 executive director of the Minnesota State Retirement System in a form prescribed by the  
 7.16 director. Except as provided for in this chapter, the application for an annuity, benefit, or  
 7.17 refund under this chapter must comply with the filing procedures in section 352.115,  
 7.18 subdivision 7a.

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

7.20 Sec. 14. **REPEALER.**

7.21 Minnesota Statutes 2018, section 352F.06, is repealed.

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

## 7.23 **ARTICLE 2**

### 7.24 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION PROVISIONS**

7.25 Section 1. Minnesota Statutes 2018, section 353.371, subdivision 1, is amended to read:

7.26 Subdivision 1. **Eligibility.** (a) This section applies to a basic or coordinated member of  
 7.27 the general employees retirement plan of the Public Employees Retirement Association  
 7.28 who:

7.29 (1) for at least the five years immediately preceding separation under clause (2), was  
 7.30 regularly scheduled to work 1,044 or more hours per year in a position covered by the

8.1 general employees retirement plan of the Public Employees Retirement Association not  
8.2 including positions that are elected offices;

8.3 (2) terminates membership as defined under section 353.01, subdivision 11b;

8.4 (3) at the time of termination under clause (2), was at least age 62 and met the age and  
8.5 service requirements necessary to receive a retirement annuity from the plan and satisfied  
8.6 requirements for the commencement of the retirement annuity in the month following  
8.7 termination;

8.8 (4) ~~agrees to accept a postretirement option position~~ accepts a phased retirement  
8.9 agreement to continue employment with the same or a different governmental subdivision,  
8.10 working a reduced schedule that is both:

8.11 (i) a reduction of at least 25 percent from the employee's number of previously regularly  
8.12 scheduled work hours; and

8.13 (ii) 1,044 hours or less in public service; and

8.14 (5) is not eligible for participation in the state employee postretirement option program  
8.15 under section 43A.346.

8.16 (b) For purposes of this section, the length of separation requirement and termination  
8.17 of public service requirement prohibiting return to work agreements under section 353.01,  
8.18 subdivisions 11a and 28, are not applicable except as specified in subdivision 7, paragraph  
8.19 (a).

8.20 **EFFECTIVE DATE.** This section is effective July 1, 2019.

8.21 Sec. 2. Minnesota Statutes 2018, section 353.371, subdivision 2, is amended to read:

8.22 Subd. 2. **Annuity reduction not applicable.** ~~Notwithstanding any law to the contrary,~~  
8.23 The provisions of section 353.37 governing annuities of reemployed annuitants do not apply  
8.24 ~~for the duration of a terminated member's to employment in a postretirement option position~~  
8.25 under a phased retirement agreement.

8.26 **EFFECTIVE DATE.** This section is effective July 1, 2019.

8.27 Sec. 3. Minnesota Statutes 2018, section 353.371, subdivision 3, is amended to read:

8.28 Subd. 3. **Governing body Governmental subdivision discretion.** ~~The governing body~~  
8.29 ~~of the~~ governmental subdivision has sole discretion to determine if and the extent to which  
8.30 a ~~postretirement option~~ phased retirement position under this section is available to a  
8.31 ~~terminated member~~ an employee. Any offer of such a position must be made in writing to



9.1 the ~~person~~ employee by the ~~governing body's designee~~ governmental subdivision in a manner  
9.2 prescribed by the executive director.

9.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

9.4 Sec. 4. Minnesota Statutes 2018, section 353.371, subdivision 4, is amended to read:

9.5 Subd. 4. **Duration.** ~~Postretirement option employment may be for an initial period~~ The  
9.6 term of employment under a phased retirement agreement must not to exceed one year five  
9.7 years. ~~At the end of the initial period,~~ If the term of a phased retirement agreement is less  
9.8 than five years, the agreement may be renewed for a period not to exceed a combined total  
9.9 of five years. ~~The governing body~~ governmental subdivision has sole discretion to determine  
9.10 if ~~the offer of a postretirement option position~~ a phased retirement agreement will be renewed,  
9.11 renewed with modifications, or terminated. ~~Postretirement option employment may be~~  
9.12 ~~renewed annually, but no more than four renewals may occur.~~

9.13 **EFFECTIVE DATE.** This section is effective July 1, 2019.

9.14 Sec. 5. Minnesota Statutes 2018, section 353.371, subdivision 5, is amended to read:

9.15 Subd. 5. **Copy to fund.** ~~The appointing authority~~ governmental subdivision shall provide  
9.16 ~~the Public Employees Retirement Association~~ executive director with documentation, as  
9.17 prescribed by the executive director, of the terms of any agreement entered into with a  
9.18 ~~member~~ an employee who accepts continuing employment with the ~~appointing authority~~  
9.19 governmental subdivision under the terms of this section, ~~and any subsequent renewal~~  
9.20 agreement. The documentation must be provided before the employee's termination of  
9.21 membership.

9.22 **EFFECTIVE DATE.** This section is effective July 1, 2019.

9.23 Sec. 6. Minnesota Statutes 2018, section 353.371, subdivision 6, is amended to read:

9.24 Subd. 6. **No service credit.** (a) Notwithstanding any law to the contrary, a person may  
9.25 not earn allowable service ~~credit~~ in the general employees retirement plan of the Public  
9.26 Employees Retirement Association for employment covered under this section, and employer  
9.27 contributions and payroll deductions for the retirement fund must not be made based on  
9.28 earnings of a person working under an agreement covered by this section. No change may  
9.29 be made to a monthly annuity or retirement allowance based on employment under this  
9.30 section.

10.1 (b) The governmental subdivision shall report to the executive director the salary earned  
10.2 by an employee in a phased retirement position. The report must include the number of  
10.3 compensated hours the employee worked and must be made on a pay period basis in a  
10.4 manner prescribed by the executive director. Reports must be submitted no later than 14  
10.5 calendar days following the last day of each pay period.

10.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

10.7 Sec. 7. Minnesota Statutes 2018, section 353.371, subdivision 7, is amended to read:

10.8 Subd. 7. **Termination and subsequent employment.** (a) Upon termination of  
10.9 employment under a phased retirement agreement, the governmental subdivision and  
10.10 employee must inform the executive director, in a manner prescribed by the executive  
10.11 director, of the effective date of the employee's termination of public service. The termination  
10.12 from public service must meet the termination and length of separation requirements under  
10.13 section 353.01, subdivisions 11a and 28.

10.14 (b) If a person ~~has been in a postretirement option position and~~ previously employed  
10.15 under a phased retirement agreement subsequently accepts employment with any other  
10.16 position in public service beyond the period of time for which the person participated in the  
10.17 postretirement option provided under this section governmental subdivision, the person  
10.18 may not earn allowable service credit in the general employees retirement plan of the Public  
10.19 Employees Retirement Association, no employer contributions or payroll deductions for  
10.20 the retirement fund may be made, and the provisions of section 353.37 apply to the  
10.21 subsequent employment.

10.22 **EFFECTIVE DATE.** This section is effective July 1, 2019.

10.23 Sec. 8. Minnesota Statutes 2018, section 353.665, subdivision 8, is amended to read:

10.24 Subd. 8. **Member and employer contributions.** (a) Except as provided in paragraph  
10.25 (b), (c), or (d), the employee contribution rate for merged former consolidation account  
10.26 active members is the rate specified in section 353.65, subdivision 2, and the regular  
10.27 municipal contribution rate on behalf of merged former consolidation account active members  
10.28 is the rate specified in section 353.65, subdivision 3.

10.29 (b) With respect to active members of the merged former Minneapolis Firefighters Relief  
10.30 Association and the merged former Minneapolis Police Relief Association, there are no  
10.31 employee contributions payable and the employer contribution on behalf of those active  
10.32 members is at the rate specified in section 353.65, subdivision 3, applied to the active

11.1 member's salary. ~~In addition, an additional municipal contribution is payable by the city of~~  
11.2 ~~Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as~~  
11.3 ~~sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded~~  
11.4 ~~present value figure calculated as required by Minnesota Statutes 2012, section 353.667,~~  
11.5 ~~subdivision 6, paragraph (a), and Minnesota Statutes 2012, section 353.668, subdivision 6,~~  
11.6 ~~paragraph (a). If the postretirement or preretirement interest rate actuarial assumption~~  
11.7 ~~applicable to the public employees police and fire retirement plan under section 356.215,~~  
11.8 ~~subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section~~  
11.9 ~~356.215, subdivision 8, the remainder present value of future benefits amount calculation~~  
11.10 ~~under Minnesota Statutes 2012, section 353.667, subdivision 6, and Minnesota Statutes~~  
11.11 ~~2012, section 353.668, subdivision 6, paragraph (a), updated for the passage of time, must~~  
11.12 ~~be revised and the amortization contribution by the city of Minneapolis for the balance of~~  
11.13 ~~the amortization period must be redetermined by the actuary retained under section 356.214~~  
11.14 ~~and certified by the executive director to the city of Minneapolis.~~

11.15 (c) If there are assets of the former Fairmont Police Relief Association in excess of the  
11.16 present value of future benefits as of June 29, 2012, these assets must be credited to an  
11.17 interest-bearing suspense account within the public employees police and fire retirement  
11.18 fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015,  
11.19 and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must  
11.20 be credited with the same rate of investment return as the public employees police and fire  
11.21 retirement fund. If, after June 29, 2012, the postretirement or preretirement interest rate  
11.22 actuarial assumption applicable to the public employees police and fire retirement plan  
11.23 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota  
11.24 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits  
11.25 amount calculation under paragraph (a), updated for the passage of time, must be revised  
11.26 and the amortization contribution by the city of Fairmont for the balance of the amortization  
11.27 period must be redetermined by the actuary retained under section 356.214 and certified by  
11.28 the executive director to the city of Fairmont.

11.29 (d) If there was a remainder present value of future benefits amounts under Minnesota  
11.30 Statutes 2012, section 353.6691, subdivision 5, paragraph (a), the city of Virginia shall pay  
11.31 an additional municipal contribution annually on or before December 31 sufficient to  
11.32 amortize on a level annual dollar basis by December 31, 2020, that remainder present value  
11.33 of future benefits amounts of the former Virginia fire department consolidation account. If,  
11.34 after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption  
11.35 applicable to the public employees police and fire retirement plan under section 356.215,

12.1 subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section  
12.2 356.215, subdivision 8, the remainder present value of future benefits amount calculation  
12.3 under paragraph (a), updated for the passage of time, must be revised and any amortization  
12.4 contribution by the city of Virginia for the balance of the amortization period must be  
12.5 redetermined by the actuary retained under section 356.214 and certified by the executive  
12.6 director to the city of Virginia.

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

12.8 Sec. 9. Minnesota Statutes 2018, section 353.665, is amended by adding a subdivision to  
12.9 read:

12.10 **Subd. 8a. City of Minneapolis contribution for firefighters and police.** (a) Until July  
12.11 15, 2018, the city of Minneapolis shall make a contribution annually to the public employees  
12.12 police and fire retirement plan on July 15, set at the amount calculated as of December 30,  
12.13 2011, as sufficient to amortize, on a level annual dollar basis by December 31, 2031, the  
12.14 unfunded present value figure calculated as required by Minnesota Statutes 2012, sections  
12.15 353.667, subdivision 6, paragraph (a), and 353.668, subdivision 6, paragraph (a).

12.16 (b) Beginning July 15, 2019, and every July 15 thereafter until and including July 15,  
12.17 2031, the city of Minneapolis shall make a contribution annually to the public employees  
12.18 police and fire retirement plan equal to \$3,188,735, attributable to the former Minneapolis  
12.19 Firefighters Relief Association, and \$4,489,837, attributable to the former Minneapolis  
12.20 Police Relief Association.

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

12.22 Sec. 10. **REPEALER.**

12.23 Minnesota Statutes 2018, section 353.371, subdivision 8, is repealed.

12.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

### 12.25 **ARTICLE 3**

#### 12.26 **STATEWIDE VOLUNTEER FIREFIGHTER PLAN PROVISIONS**

12.27 Section 1. **[353G.18] TERMINATION OF PARTICIPATION AND DISTRIBUTION**  
12.28 **OF BENEFITS.**

12.29 Subdivision 1. **Application.** This section provides the procedures that apply if an entity  
12.30 wishes to terminate its participation in the retirement plan and authorize the distribution of  
12.31 all assets credited to the entity's account in the retirement fund held for the benefit of the

13.1 entity's former firefighters. If this section conflicts with another section of this chapter, this  
13.2 section controls.

13.3 Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision  
13.4 have the meanings given them unless the context clearly indicates otherwise.

13.5 (b) "Departing entity" means the entity seeking to terminate its participation in the  
13.6 retirement plan and the coverage of its departing firefighters by the retirement plan.

13.7 (c) "Departing firefighter" means each former firefighter of the departing entity who:

13.8 (1) is credited with one or more years of service under the retirement plan or under the  
13.9 relief association previously affiliated with the departing entity;

13.10 (2) has not yet received a distribution of the firefighter's pension benefit; and

13.11 (3) is entitled to a distribution of a pension benefit under this section.

13.12 (d) "Direct rollover" means a payment described under section 356.635, subdivisions 3  
13.13 to 7. Consistent with the definition of "distributee" under section 356.635, subdivision 7, a  
13.14 departing firefighter is a distributee for purpose of direct rollover election.

13.15 (e) "Distribution date" means the date as of which all assets in the entity's account are  
13.16 to be distributed in the form of a payment to each departing firefighter or the survivor of  
13.17 each deceased departing firefighter or as a direct rollover, if elected under section 356.635,  
13.18 subdivisions 3 to 7.

13.19 (f) "Entity" means a municipality, an independent nonprofit firefighting corporation, or  
13.20 a joint powers entity that operates or had operated a fire department with firefighters who  
13.21 are covered by the retirement plan.

13.22 (g) "Entity's account" means the pension plan that is a component of the retirement plan  
13.23 and under which the departing firefighters have accrued lump sum pension benefits and  
13.24 with which the departing entity is affiliated.

13.25 (h) "Executive director" means the executive director of the Public Employees Retirement  
13.26 Association.

13.27 (i) "Termination date" means the effective date of the termination of the pension plan  
13.28 that is the entity's account. The termination date shall precede the distribution date.

13.29 (j) "Year of service" means a year of good time service credit certified by the departing  
13.30 entity's fire chief under section 353G.07. For purposes of determining the amount of a  
13.31 departing firefighter's pension benefit under this section, year of service includes any service  
13.32 credit earned by the departing firefighter under the relief association previously affiliated

14.1 with the departing entity, which must be certified under section 424A.003 beginning January  
14.2 1, 2019. Good time service credit ends when the departing firefighter's active service ends,  
14.3 notwithstanding a later termination date as defined in paragraph (j).

14.4 Subd. 3. **Eligibility.** An entity is eligible to terminate its participation in the retirement  
14.5 plan under this section if the entity satisfies the following conditions:

14.6 (1) the entity has eliminated its fire department or, if its fire department is ongoing, the  
14.7 fire department has ceased using the services of all departing firefighters and any other  
14.8 noncareer or volunteer firefighters; and

14.9 (2) the entity's account has assets sufficient to cover all liabilities, after taking into  
14.10 account the requirement to fully vest all departing firefighters and pay administrative  
14.11 expenses determined under subdivision 4, paragraph (c), clause (3).

14.12 Subd. 4. **Termination procedures.** (a) The participation of a departing entity in the  
14.13 retirement plan and the coverage of the departing firefighters by the retirement plan shall  
14.14 cease as of the date the requirements in this subdivision are completed and all assets credited  
14.15 to the entity's account are distributed.

14.16 (b) The governing board of the departing entity shall adopt the resolutions under  
14.17 subdivision 5 and deliver the resolutions to the executive director.

14.18 (c) The executive director shall:

14.19 (1) fully vest all departing firefighters as of the termination date and consider each  
14.20 departing firefighter 100 percent vested in the pension benefit accrued by the departing  
14.21 firefighter under the entity's account as of the termination date;

14.22 (2) determine the present value of each departing firefighter's accrued benefit as of the  
14.23 termination date, taking into account the benefit level under section 353G.11 or otherwise  
14.24 in effect for the departing firefighter as determined by the executive director;

14.25 (3) determine, as of the termination date, the value of accrued liabilities, including  
14.26 administrative expenses incurred or reasonably anticipated to be incurred through the  
14.27 distribution date, and the value of assets attributable to the entity's account; and

14.28 (4) to the extent necessary to minimize the risk of investment losses between the  
14.29 termination date and the distribution date, reinvest the assets credited to the entity's account  
14.30 in low risk investments.

14.31 (d) If the entity's account has assets in excess of accrued liabilities, the executive director  
14.32 shall allocate the excess among all departing firefighters in the same proportion that the

15.1 present value of the accrued benefit for each departing firefighter bears to the total present  
15.2 value of the accrued benefits of all departing firefighters, and each departing firefighter's  
15.3 benefit, as determined under paragraph (c), clause (2), shall be increased by the departing  
15.4 firefighter's share of the excess.

15.5 (e) The executive director shall, as soon as practicable after the termination date, distribute  
15.6 to each departing firefighter, regardless of whether the departing firefighter has attained  
15.7 age 50, the firefighter's benefit as calculated by the executive director under paragraphs (c)  
15.8 and (d). The distribution shall be made in a lump sum, either as a payment to the departing  
15.9 firefighter or as a direct rollover, if elected by the firefighter. If the departing firefighter is  
15.10 deceased, then the firefighter's benefit shall be paid to the firefighter's survivor under section  
15.11 353G.12 or as a direct rollover, if elected by the survivor.

15.12 (f) The executive director shall pay supplemental benefits under section 424A.10, but  
15.13 only to the extent that the executive director will be reimbursed under section 424A.10,  
15.14 subdivision 3.

15.15 Subd. 5. **Entity board resolutions.** If an entity wishes to cease its participation in the  
15.16 retirement plan and end the coverage of its former firefighters by the retirement plan, the  
15.17 entity's governing board shall approve the following resolutions in a form satisfactory to  
15.18 the executive director:

15.19 (1) a statement of intent to terminate participation in the retirement plan and cease the  
15.20 coverage by the retirement plan of the entity's former firefighters; and

15.21 (2) the proposed termination date, which must be the last day of a month and at least 90  
15.22 days after the date the resolutions are to be delivered to the executive director.

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

15.24 Sec. 2. **GRANDFATHERING PREVIOUSLY APPROVED TERMINATIONS.**

15.25 For any entity with a governing board that approved resolutions to terminate participation  
15.26 in the statewide volunteer firefighter plan established by chapter 353G before the effective  
15.27 date of this act, the termination date is September 30, 2019, and the termination process  
15.28 and disposition of assets set forth in the resolutions shall control, notwithstanding the  
15.29 provisions of this act.

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

16.1 Sec. 3. **REPEALER.**16.2 Minnesota Statutes 2018, section 353G.15, is repealed.16.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.16.4 **ARTICLE 4**16.5 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION**  
16.6 **RETIREMENT CHANGES**

16.7 Section 1. Minnesota Statutes 2018, section 69.051, subdivision 1, is amended to read:

16.8 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire  
16.9 Department Relief Association and each volunteer firefighters relief association as defined  
16.10 in section 424A.001, subdivision 4, with assets of at least \$500,000 or liabilities of at least  
16.11 \$500,000 in the prior year or in any previous year, according to the applicable actuarial  
16.12 valuation or according to the financial report if no valuation is required, shall prepare a  
16.13 financial report covering the special and general funds of the relief association for the  
16.14 preceding fiscal year, file the financial report, and submit financial statements.

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

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

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

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

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



17.1 (d) Audited financial statements must be attested to by a certified public accountant or  
17.2 by the state auditor and must be filed with the state auditor within 180 days after the close  
17.3 of the fiscal year. Audits must be conducted in compliance with generally accepted  
17.4 governmental auditing standards and section 6.65 governing audit procedures. The state  
17.5 auditor may accept this report in lieu of the report required in paragraph (c).

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

17.7 Sec. 2. Minnesota Statutes 2018, section 424A.001, is amended by adding a subdivision  
17.8 to read:

17.9 Subd. 9a. **Break in service.** "Break in service" means temporarily ceasing all of the  
17.10 following with a particular fire department:

17.11 (1) performing fire suppression duties;

17.12 (2) performing fire prevention duties;

17.13 (3) supervising fire suppression duties; and

17.14 (4) supervising fire prevention duties.

17.15 **EFFECTIVE DATE.** This section is effective January 1, 2020.

17.16 Sec. 3. Minnesota Statutes 2018, section 424A.01, subdivision 6, is amended to read:

17.17 Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision  
17.18 governs the service pension calculation requirements of a firefighter who returns to active  
17.19 service after a break in service and applies to all breaks in service, except that the resumption  
17.20 service requirements of this subdivision do not apply to leaves of absence made available  
17.21 by federal statute, such as the Family Medical Leave Act, United States Code, title 29,  
17.22 section 2691, and the Uniformed Services Employment and Reemployment Rights Act,  
17.23 United States Code, title 38, section 4301, and do not apply to leaves of absence made  
17.24 available by state statute, such as the Parental Leave Act, section 181.941; the Leave for  
17.25 Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section  
17.26 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed  
17.27 in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section  
17.28 593.50.

17.29 (b)(1) If a firefighter who has ~~ceased to perform or supervise fire suppression and fire~~  
17.30 ~~prevention duties for at least 60 days~~ a break in service of any duration resumes performing  
17.31 active firefighting with the fire department associated with the relief association, and if the

18.1 bylaws of the relief association so permit, the firefighter may again become an active member  
18.2 of the relief association. ~~A firefighter who returns to active service and membership is~~  
18.3 ~~subject to,~~ subject to the requirements of this paragraph and the service pension calculation  
18.4 requirements under this section.

18.5 (2) A firefighter who has been paid a service pension or disability benefit must wait at  
18.6 least 60 days following receipt of the pension or benefit before resuming active firefighting  
18.7 with the fire department and active membership in the relief association.

18.8 ~~(2)~~ (3) A firefighter who has been granted an approved leave of absence not exceeding  
18.9 one year by the fire department or by the relief association is exempt from the minimum  
18.10 period of resumption service requirement of this section.

18.11 ~~(3)~~ (4) A person who has a break in service not exceeding one year but has not been  
18.12 granted an approved leave of absence ~~and who has not received a service pension or disability~~  
18.13 ~~benefit~~ may be made exempt from the minimum period of resumption service requirement  
18.14 of this section by the relief association bylaws.

18.15 ~~(4)~~ (5) If the bylaws so provide, a firefighter who returns to active relief association  
18.16 membership ~~under this paragraph~~ after a break in service of any duration may continue to  
18.17 collect a monthly service pension from the relief association, notwithstanding the ~~service~~  
18.18 ~~pension eligibility requirements~~ requirement under chapter 424A section 424A.02,  
18.19 subdivision 1, that the firefighter has separated from active service.

18.20 (c) If a former firefighter who has ~~received~~ been paid a service pension or disability  
18.21 benefit returns to active relief association membership under paragraph (b), the firefighter  
18.22 may qualify for the receipt of a service pension from the relief association for the resumption  
18.23 service period if the firefighter meets the service requirements of section 424A.016,  
18.24 subdivision 3, or 424A.02, subdivision 2, as applicable, or meets the resumption minimum  
18.25 service requirements specified in the relief association's bylaws. No firefighter may be paid  
18.26 a service pension more than once for the same period of service.

18.27 (d) If a former firefighter who has not ~~received~~ been paid a service pension or disability  
18.28 benefit returns to active relief association membership under paragraph (b), the firefighter  
18.29 may qualify for the receipt of a service pension from the relief association for the original  
18.30 and resumption service periods if the firefighter meets the service requirements of section  
18.31 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption  
18.32 years of service credit.

18.33 (e) A firefighter who returns to active lump-sum relief association membership under  
18.34 paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon

19.1 a subsequent cessation of duties, any service pension for the resumption service period  
19.2 calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter  
19.3 upon the firefighter's previous cessation of duties, a second lump-sum service pension for  
19.4 the resumption service period must be calculated by applying the service pension amount  
19.5 in effect on the date of the firefighter's termination of the resumption service for all years  
19.6 of the resumption service.

19.7 (f) A firefighter who had not been paid a lump-sum service pension returns to active  
19.8 relief association membership under paragraph (b), who did not meet the minimum period  
19.9 of resumption service requirement specified in the relief association's bylaws, but who does  
19.10 meet the minimum service requirement of section 424A.02, subdivision 2, based on the  
19.11 firefighter's original and resumption years of active service, must have, upon a subsequent  
19.12 cessation of duties, a service pension for the original and resumption service periods  
19.13 calculated by applying the service pension amount in effect on the date of the firefighter's  
19.14 termination of the resumption service, or, if the bylaws so provide, based on the service  
19.15 pension amount in effect on the date of the firefighter's previous cessation of duties. The  
19.16 service pension for a firefighter who returns to active lump-sum relief association membership  
19.17 under this paragraph, but who had met the minimum period of resumption service requirement  
19.18 specified in the relief association's bylaws, must be calculated by applying the service  
19.19 pension amount in effect on the date of the firefighter's termination of the resumption service.

19.20 (g) If a firefighter receiving a monthly benefit service pension returns to active monthly  
19.21 benefit relief association membership under paragraph (b), and if the relief association  
19.22 bylaws do not allow for the firefighter to continue collecting a monthly service pension,  
19.23 any monthly benefit service pension payable to the firefighter is suspended as of the first  
19.24 day of the month next following the date on which the firefighter returns to active  
19.25 membership. If the firefighter was receiving a monthly benefit service pension, and qualifies  
19.26 for a service pension under paragraph (c), the firefighter is entitled to an additional monthly  
19.27 benefit service pension upon a subsequent cessation of duties calculated based on the  
19.28 resumption service credit and the service pension accrual amount in effect on the date of  
19.29 the termination of the resumption service. A suspended initial service pension resumes as  
19.30 of the first of the month next following the termination of the resumption service. If the  
19.31 firefighter was not receiving a monthly benefit service pension and meets the minimum  
19.32 service requirement of section 424A.02, subdivision 2, a service pension must be calculated  
19.33 by applying the service pension amount in effect on the date of the firefighter's termination  
19.34 of the resumption service for all years of service credit.

20.1 (h) A firefighter who was not receiving a monthly benefit service pension returns to  
20.2 active relief association membership under paragraph (b), who did not meet the minimum  
20.3 period of resumption service requirement specified in the relief association's bylaws, but  
20.4 who does meet the minimum service requirement of section 424A.02, subdivision 2, based  
20.5 on the firefighter's original and resumption years of active service, must have, upon a  
20.6 subsequent cessation of duties, a service pension for the original and resumption service  
20.7 periods calculated by applying the service pension amount in effect on the date of the  
20.8 firefighter's termination of the resumption service, or, if the bylaws so provide, based on  
20.9 the service pension amount in effect on the date of the firefighter's previous cessation of  
20.10 duties. The service pension for a firefighter who returns to active relief association  
20.11 membership under this paragraph, but who had met the minimum period of resumption  
20.12 service requirement specified in the relief association's bylaws, must be calculated by  
20.13 applying the service pension amount in effect on the date of the firefighter's termination of  
20.14 the resumption service.

20.15 (i) For defined contribution plans, a firefighter who returns to active relief association  
20.16 membership under paragraph (b) and who qualifies for a service pension under paragraph  
20.17 (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the  
20.18 resumption service period calculated as a separate benefit. If a service pension had been  
20.19 paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter  
20.20 meets the minimum service requirement of section 424A.016, subdivision 3, or meets the  
20.21 resumption minimum service requirements specified in the relief association's bylaws, as  
20.22 applicable, based on the resumption years of service, a second service pension for the  
20.23 resumption service period must be calculated to include allocations credited to the firefighter's  
20.24 individual account during the resumption period of service and deductions for administrative  
20.25 expenses, if applicable.

20.26 (j) For defined contribution plans, if a firefighter who had not been paid a service pension  
20.27 returns to active relief association membership under paragraph (b), and who meets the  
20.28 minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's  
20.29 original and resumption years of service, must have, upon a subsequent cessation of duties,  
20.30 a service pension for the original and resumption service periods calculated to include  
20.31 allocations credited to the firefighter's individual account during the original and resumption  
20.32 periods of service and deductions for administrative expenses, if applicable, less any amounts  
20.33 previously forfeited under section 424A.016, subdivision 4.

20.34 **EFFECTIVE DATE.** This section is effective January 1, 2020.

21.1 Sec. 4. Minnesota Statutes 2018, section 424A.015, subdivision 6, is amended to read:

21.2 Subd. 6. **Governing benefit plan provisions.** A service pension or ancillary benefit  
21.3 payable under this chapter is governed by and must be calculated under the general statute,  
21.4 special law, relief association articles of incorporation, ~~and~~ or relief association bylaw  
21.5 provisions applicable on the earlier of the following dates:

21.6 (1) the date on which the member ~~separated~~ separates from active service with the fire  
21.7 department and active membership in the relief association; or

21.8 (2) the date on which the member begins a break in service with the fire department that  
21.9 continues until the member separates from active service with the fire department and active  
21.10 membership in the relief association.

21.11 **EFFECTIVE DATE.** This section is effective January 1, 2020.

21.12 Sec. 5. Minnesota Statutes 2018, section 424A.016, subdivision 3, is amended to read:

21.13 Subd. 3. ~~**Reduced Vesting schedule.**~~ If the articles of incorporation or bylaws of a  
21.14 defined contribution relief association ~~so provide,~~ a relief association may pay a reduced  
21.15 service pension not to exceed the nonforfeitable percentage of the account balance to a  
21.16 retiring member who has completed fewer than 20 years of service. The reduced service  
21.17 pension may be paid when the retiring member meets the minimum age and service  
21.18 requirements of subdivision 2. The nonforfeitable percentage of pension amounts are as  
21.19 follows: a vesting schedule that satisfies the requirements of this subdivision, the relief  
21.20 association may pay a reduced service pension to a retiring member. For purposes of this  
21.21 section, "vests," "vesting," or "vested" means a nonforfeitable, unconditional, or legally  
21.22 enforceable right. A member vests in the member's account in accordance with the vesting  
21.23 schedule set forth in the relief association's articles of incorporation or bylaws. Provided a  
21.24 member meets the minimum age and service requirements of subdivision 2, the member is  
21.25 entitled to a service pension equal to the member's account, but only to the extent vested as  
21.26 provided in the vesting schedule set forth in the articles of incorporation or bylaws. In no  
21.27 event may the articles of incorporation or bylaws:

21.28 (1) require that a member have more than 20 years of active service to become 100  
21.29 percent vested in the member's account; or

21.30 (2) provide for a larger vesting percentage than is provided in the following schedule  
21.31 with respect to the completed number of years of active service indicated in the schedule:

22.1	Completed Years of <u>Active Service</u>	<del>Nonforfeitable</del> <u>Vested Percentage</u> of Pension Amount
22.2		
22.3	5	40 percent
22.4	6	52 percent
22.5	7	64 percent
22.6	8	76 percent
22.7	9	88 percent
22.8	10 <del>and thereafter</del> <u>or more</u>	100 percent

22.9 **EFFECTIVE DATE.** This section is effective January 1, 2020.

22.10 Sec. 6. Minnesota Statutes 2018, section 424A.016, subdivision 6, is amended to read:

22.11 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled to  
 22.12 a deferred service pension if the member separates from active service and membership and  
 22.13 has completed the minimum service and membership requirements in subdivision 2. The  
 22.14 requirement that a member separate from active service and membership is waived for  
 22.15 persons who have discontinued their volunteer firefighter duties and who are employed on  
 22.16 a full-time basis under section 424A.015, subdivision 1.

22.17 (b) The deferred service pension is payable when the former member reaches at least  
 22.18 age 50, or at least the minimum age specified in the bylaws governing the relief association  
 22.19 if that age is greater than age 50, and when the former member makes a valid written  
 22.20 application.

22.21 (c) A defined contribution relief association may, if its governing bylaws so provide,  
 22.22 credit interest or additional investment performance on the deferred lump-sum service  
 22.23 pension during the period of deferral. If provided for in the bylaws, the interest must be  
 22.24 ~~paid~~ credited:

22.25 (1) at the investment performance rate actually earned on that portion of the assets if the  
 22.26 deferred benefit amount is invested by the relief association in a separate account established  
 22.27 and maintained by the relief association;

22.28 (2) at the investment performance rate actually earned on that portion of the assets if the  
 22.29 deferred benefit amount is invested in a separate investment vehicle held by the relief  
 22.30 association; or

22.31 (3) at the investment return on the assets of the special fund of the defined contribution  
 22.32 volunteer firefighters relief association in proportion to the share of the assets of the special  
 22.33 fund to the credit of each individual deferred member account through the accounting date  
 22.34 on which the investment return is recognized by and credited to the special fund.

23.1 (d) Unless the bylaws of a relief association that has elected to pay interest or additional  
 23.2 investment performance on deferred lump-sum service pensions under paragraph (c) specifies  
 23.3 a different interest or additional investment performance method, including the interest or  
 23.4 additional investment performance period starting date and ending date, the interest or  
 23.5 additional investment performance on a deferred service pension is creditable as follows:

23.6 (1) for a relief association that has elected to pay credit interest or additional investment  
 23.7 performance under paragraph (c), clause (1) or (3), beginning on the date that the member  
 23.8 separates from active service and membership and ending on the accounting date immediately  
 23.9 before the deferred member commences receipt of the deferred service pension; or

23.10 (2) for a relief association that has elected to pay credit interest or additional investment  
 23.11 performance under paragraph (c), clause (2), beginning on the date that the member separates  
 23.12 from active service and membership and ending on the date that the separate investment  
 23.13 vehicle is valued immediately before the date on which the deferred member commences  
 23.14 receipt of the deferred service pension.

23.15 **EFFECTIVE DATE.** This section is effective January 1, 2020.

23.16 Sec. 7. Minnesota Statutes 2018, section 424A.02, subdivision 2, is amended to read:

23.17 Subd. 2. ~~Nonforfeitable portion of service pension~~ **Vesting schedule.** (a) If the articles  
 23.18 of incorporation or bylaws of a defined benefit relief association ~~so provide, the relief~~  
 23.19 ~~association may pay a reduced service pension to a retiring member who has completed~~  
 23.20 ~~fewer than 20 years of service. The reduced service pension may be paid when the retiring~~  
 23.21 ~~member meets the minimum age and service requirements of subdivision 1.~~ a vesting  
 23.22 schedule that satisfies the requirements of this subdivision, the relief association may pay  
 23.23 a reduced service pension to a retiring member. For purposes of this section, "vests,"  
 23.24 "vesting," or "vested" means a nonforfeitable, unconditional, or legally enforceable right.  
 23.25 A member vests in the member's accrued service pension in accordance with the vesting  
 23.26 schedule set forth in the relief association's articles of incorporation or bylaws. Provided a  
 23.27 member meets the minimum age and service requirements of subdivision 1, the member is  
 23.28 entitled to the member's accrued service pension, but only to the extent vested as provided  
 23.29 in the vesting schedule set forth in the articles of incorporation or bylaws. In no event may  
 23.30 the articles of incorporation or bylaws:

23.31 (b) ~~The amount of the reduced service pension may not exceed the amount calculated~~  
 23.32 ~~by multiplying the service pension appropriate for the completed years of service as specified~~  
 23.33 ~~in the bylaws multiplied by the applicable nonforfeitable percentage of pension.~~

24.1 ~~(e) For a defined benefit volunteer firefighters relief association that pays a lump-sum~~  
 24.2 ~~service pension, a monthly benefit service pension, or a lump-sum service pension or a~~  
 24.3 ~~monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage~~  
 24.4 ~~of pension amounts are as follows:~~

24.5 (1) require that a member have more than 20 years of active service to become 100  
 24.6 percent vested in the member's accrued service pension; or

24.7 (2) provide for a larger vesting percentage than is provided in the following schedule  
 24.8 with respect to the completed number of years of active service indicated in the schedule:

24.9	Completed Years of <u>Active Service</u>	<del>Nonforfeitable</del> <u>Vested Percentage of</u>
24.10		Pension Amount
24.11	5	40 percent
24.12	6	<del>44</del> <u>52</u> percent
24.13	7	<del>48</del> <u>64</u> percent
24.14	8	<del>52</del> <u>76</u> percent
24.15	9	<del>56</del> <u>88</u> percent
24.16	<del>10</del>	<del>60</del> percent
24.17	<del>11</del>	<del>64</del> percent
24.18	<del>12</del>	<del>68</del> percent
24.19	<del>13</del>	<del>72</del> percent
24.20	<del>14</del>	<del>76</del> percent
24.21	<del>15</del>	<del>80</del> percent
24.22	<del>16</del>	<del>84</del> percent
24.23	<del>17</del>	<del>88</del> percent
24.24	<del>18</del>	<del>92</del> percent
24.25	<del>19</del>	<del>96</del> percent
24.26	<del>20</del> <u>10 and thereafter or more</u>	100 percent

24.27 **EFFECTIVE DATE.** This section is effective January 1, 2020.

24.28 Sec. 8. Minnesota Statutes 2018, section 424A.02, subdivision 7, is amended to read:

24.29 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association  
 24.30 is entitled to a deferred service pension if the member separates from active service and  
 24.31 membership and has completed the minimum service and membership requirements in  
 24.32 subdivision 1. The requirement that a member separate from active service and membership  
 24.33 is waived for persons who have discontinued their volunteer firefighter duties and who are  
 24.34 employed on a full-time basis under section 424A.015, subdivision 1.



25.1 (b) The deferred service pension is payable when the former member reaches at least  
25.2 age 50, or at least the minimum age specified in the bylaws governing the relief association  
25.3 if that age is greater than age 50, and when the former member makes a valid written  
25.4 application.

25.5 (c) A defined benefit relief association that provides a lump-sum service pension governed  
25.6 by subdivision 3 may, when its governing bylaws so provide, ~~pay~~ credit interest on the  
25.7 deferred lump-sum service pension during the period of deferral. If provided for in the  
25.8 bylaws, interest must be ~~paid~~ credited in one of the following manners:

25.9 (1) at the investment performance rate actually earned on that portion of the assets if the  
25.10 deferred benefit amount is invested by the relief association in a separate account established  
25.11 and maintained by the relief association;

25.12 (2) at the investment performance rate actually earned on that portion of the assets if the  
25.13 deferred benefit amount is invested in a separate investment vehicle held by the relief  
25.14 association; or

25.15 (3) at an interest rate of up to five percent, compounded annually, as set by the board of  
25.16 trustees.

25.17 (d) Any change in the interest rate set by the board of trustees under paragraph (c), clause  
25.18 (3), must be ratified by the governing body of the municipality or joint powers entity served  
25.19 by the fire department to which the relief association is directly associated, or by the  
25.20 independent nonprofit firefighting corporation, as applicable.

25.21 (e) Interest under paragraph (c), clause (3), is ~~payable~~ credited beginning on the January  
25.22 1 next following the date on which the deferred service pension interest rate as set by the  
25.23 board of trustees was ratified by the governing body of the municipality or joint powers  
25.24 entity served by the fire department to which the relief association is directly associated, or  
25.25 by the independent nonprofit firefighting corporation, as applicable.

25.26 (f) Unless the bylaws of a relief association that has elected to ~~pay~~ credit interest or  
25.27 additional investment performance on deferred lump-sum service pensions under paragraph  
25.28 (c) specifies a different interest or additional investment performance method, including  
25.29 the interest or additional investment performance period starting date and ending date, the  
25.30 interest or additional investment performance on a deferred service pension is creditable as  
25.31 follows:

25.32 (1) for a relief association that has elected to ~~pay~~ credit interest or additional investment  
25.33 performance under paragraph (c), clause (1) or (3), beginning on the first day of the month

26.1 next following the date on which the member separates from active service and membership  
26.2 and ending on the last day of the month immediately before the month in which the deferred  
26.3 member commences receipt of the deferred service pension; or

26.4 (2) for a relief association that has elected to pay credit interest or additional investment  
26.5 performance under paragraph (c), clause (2), beginning on the date that the member separates  
26.6 from active service and membership and ending on the date that the separate investment  
26.7 vehicle is valued immediately before the date on which the deferred member commences  
26.8 receipt of the deferred service pension.

26.9 (g) For a deferred service pension that is transferred to a separate account established  
26.10 and maintained by the relief association or separate investment vehicle held by the relief  
26.11 association, the deferred member bears the full investment risk subsequent to transfer and  
26.12 in calculating the accrued liability of the volunteer firefighters relief association that pays  
26.13 a lump-sum service pension, the accrued liability for deferred service pensions is equal to  
26.14 the separate relief association account balance or the fair market value of the separate  
26.15 investment vehicle held by the relief association.

26.16 **EFFECTIVE DATE.** This section is effective January 1, 2020.

26.17 Sec. 9. Minnesota Statutes 2018, section 424A.02, subdivision 9, is amended to read:

26.18 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, including  
26.19 any volunteer firefighters relief association governed by Laws 2013, chapter 111, article 5,  
26.20 sections 31 to 42, or any volunteer firefighters division of a relief association governed by  
26.21 chapter 424, may only pay ancillary benefits which would constitute an authorized  
26.22 disbursement as specified in section 424A.05 subject to the following requirements or  
26.23 limitations:

26.24 (1) with respect to a defined benefit relief association in which governing bylaws provide  
26.25 solely for a lump-sum service pension to a retiring member, or provide a retiring member  
26.26 the choice of either a lump-sum service pension or a monthly service pension and the  
26.27 lump-sum service pension was chosen, no ancillary benefit may be paid to any former  
26.28 member or paid to any person on behalf of any former member after the former member (i)  
26.29 terminates active service with the fire department and active membership in the relief  
26.30 association; and (ii) commences receipt of a service pension as authorized under this section;  
26.31 and

26.32 (2) with respect to any defined benefit relief association, no ancillary benefit paid or  
26.33 payable to any member, to any former member, or to any person on behalf of any member

27.1 or former member, may exceed in amount the total earned service pension of the member  
27.2 or former member. The total earned service pension must be calculated by multiplying the  
27.3 service pension amount specified in the bylaws of the relief association at the time of death  
27.4 or disability, whichever applies, by the years of service credited to the member or former  
27.5 member. The years of service must be determined as of (i) the date the member or former  
27.6 member became entitled to the ancillary benefit; or (ii) the date the member or former  
27.7 member died entitling a survivor or the estate of the member or former member to an  
27.8 ancillary benefit. The ancillary benefit must be calculated without regard to whether the  
27.9 member had attained the minimum amount of service and membership credit specified in  
27.10 the governing bylaws. For active members, the amount of a permanent disability benefit or  
27.11 a survivor benefit must be equal to the member's total earned service pension except that  
27.12 the bylaws of a defined benefit relief association may provide for the payment of a survivor  
27.13 benefit in an amount not to exceed five times the yearly service pension amount specified  
27.14 in the bylaws on behalf of any member who dies before having performed five years of  
27.15 active service in the fire department with which the relief association is affiliated. For  
27.16 deferred members, the amount of a permanent disability benefit or a survivor benefit must  
27.17 be calculated using the service pension amount in effect on the date specified in section  
27.18 424A.015, subdivision 6, unless the bylaws of the relief association specify a different  
27.19 service pension amount to be used for the calculation.

27.20 (3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation  
27.21 or bylaws, the benefit must be paid:

27.22 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

27.23 (B) as a survivor benefit to the surviving children of the deceased firefighter if no  
27.24 surviving spouse;

27.25 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
27.26 surviving spouse or surviving children; or

27.27 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no  
27.28 surviving children and no beneficiary designated.

27.29 (ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly  
27.30 or partially, the spouse's entitlement to a survivor benefit.

27.31 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of  
27.32 incorporation or bylaws, the benefit must be paid:

27.33 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

28.1 (B) as a survivor benefit to the surviving children of the deceased firefighter if no  
28.2 surviving spouse;

28.3 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
28.4 surviving spouse or surviving children; or

28.5 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no  
28.6 surviving spouse, no surviving children, and no beneficiary designated.

28.7 (ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly  
28.8 or partially, the spouse's entitlement to a survivor benefit.

28.9 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly  
28.10 survivor benefit payable to a designated beneficiary, the relief association bylaws may limit  
28.11 the total survivor benefit amount payable.

28.12 (5) For purposes of this section, for a monthly benefit volunteer fire relief association  
28.13 or for a combination lump-sum and monthly benefit volunteer fire relief association where  
28.14 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
28.15 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of  
28.16 this section, for a lump-sum volunteer fire relief association or for a combination lump-sum  
28.17 and monthly benefit volunteer fire relief association where a lump-sum service pension has  
28.18 been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created  
28.19 under chapter 501C may be a designated beneficiary. If a trust is payable to the surviving  
28.20 children organized under chapter 501C as authorized by this section and there is no surviving  
28.21 spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this  
28.22 section to the contrary.

28.23 **EFFECTIVE DATE.** This section is effective January 1, 2020.

28.24 Sec. 10. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

28.25 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined  
28.26 benefit relief association to which this section applies must file a revised copy of its governing  
28.27 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
28.28 by the relief association or upon the approval of any amendment to its governing bylaws  
28.29 granted by the governing body of ~~each~~ the municipality served by the fire department to  
28.30 which the relief association is directly associated or by the independent nonprofit firefighting  
28.31 corporation, as applicable. Failure of the relief association to file a copy of the bylaws or  
28.32 any bylaw amendments with the state auditor disqualifies the municipality from the  
28.33 distribution of any future fire state aid until this filing requirement has been completed.

29.1 (b) If the special fund of the relief association does not have a surplus over full funding  
29.2 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision  
29.3 4, and if the municipality is required to provide financial support to the special fund of the  
29.4 relief association under section 424A.092 or 424A.093, no bylaw amendment which would  
29.5 affect the amount of, the manner of payment of, or the conditions for qualification for service  
29.6 pensions or ancillary benefits or disbursements other than administrative expenses authorized  
29.7 under section 69.80 payable from the special fund of the relief association is effective until  
29.8 it has been ratified as required under section 424A.092, subdivision 6, or 424A.093,  
29.9 subdivision 6. If the special fund of the relief association has a surplus over full funding  
29.10 under section 424A.092, subdivision 3, or 424A.093, subdivision 4, and if the municipality  
29.11 is not required to provide financial support to the special fund under this section, the relief  
29.12 association may adopt or amend without municipal ratification its articles of incorporation  
29.13 or bylaws which increase or otherwise affect the service pensions or ancillary benefits  
29.14 payable from the special fund if authorized under section 424A.092, subdivision 6, or  
29.15 424A.093, subdivision 6.

29.16 (c) If the relief association pays only a lump-sum pension, the financial requirements  
29.17 are to be determined by the board of trustees following the preparation of an estimate of  
29.18 the expected increase in the accrued liability and annual accruing liability of the relief  
29.19 association attributable to the change. If the relief association pays a monthly benefit service  
29.20 pension, the financial requirements are to be determined by the board of trustees following  
29.21 either an updated actuarial valuation including the proposed change or an estimate of the  
29.22 expected actuarial impact of the proposed change prepared by the actuary of the relief  
29.23 association. If a relief association adopts or amends its articles of incorporation or bylaws  
29.24 without municipal ratification under this subdivision, and, subsequent to the amendment or  
29.25 adoption, the financial requirements of the special fund under this section are such so as to  
29.26 require financial support from the municipality, the provision which was implemented  
29.27 without municipal ratification is no longer effective without municipal ratification, and any  
29.28 service pensions or ancillary benefits payable after that date must be paid only in accordance  
29.29 with the articles of incorporation or bylaws as amended or adopted with municipal  
29.30 ratification.

29.31 **EFFECTIVE DATE.** This section is effective January 1, 2020.

29.32 Sec. 11. Minnesota Statutes 2018, section 424A.10, subdivision 1, is amended to read:

29.33 Subdivision 1. **Definitions.** For purposes of this section:

30.1 (1) "qualified recipient" means a volunteer firefighter who receives a lump-sum  
30.2 distribution of pension or retirement benefits from a volunteer firefighters relief association  
30.3 or from the voluntary statewide lump-sum volunteer firefighter retirement plan;

30.4 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving  
30.5 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child  
30.6 or children of a deceased active or deferred volunteer firefighter, or, if none, the designated  
30.7 beneficiary of the deceased active or deferred volunteer firefighter, or, if no beneficiary has  
30.8 been designated, the estate of the deceased active or deferred volunteer firefighter;

30.9 (3) "active volunteer firefighter" means a person who:

30.10 (i) regularly renders fire suppression service, the performance or supervision of authorized  
30.11 fire prevention duties, or the performance or supervision of authorized emergency medical  
30.12 response activities for a fire department;

30.13 (ii) has met the statutory and other requirements for relief association membership; and

30.14 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified  
30.15 member of the relief association or from the voluntary statewide lump-sum volunteer  
30.16 firefighter retirement plan for at least one month;

30.17 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

30.18 (i) terminated active firefighting service, the performance or supervision of authorized  
30.19 fire prevention duties, or the performance or supervision of authorized emergency medical  
30.20 response activities; and

30.21 (ii) has sufficient service credit from the applicable relief association or from the voluntary  
30.22 statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension  
30.23 under the bylaws of the relief association, but has not applied for or has not received the  
30.24 service pension; and

30.25 (5) "volunteer firefighter" includes an individual whose services were utilized to perform  
30.26 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and  
30.27 individuals whose services were used to perform emergency medical response duties or  
30.28 supervise emergency medical response activities if authorized under section 424A.01,  
30.29 subdivision 5a.

30.30 **EFFECTIVE DATE.** This section is effective January 1, 2020, and applies to  
30.31 supplemental benefits paid by a relief association in 2019 and thereafter for the death of an  
30.32 active or deferred volunteer firefighter that occurred on or after January 1, 2019.

31.1 Sec. 12. Laws 2018, chapter 211, article 14, section 26, is amended to read:

31.2 Sec. 26. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**  
31.3 **FIREFIGHTERS.**

31.4 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

31.5 (1) determine the amount of state aid required under the bylaws of the Austin Parttime  
31.6 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

31.7 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental  
31.8 state aid received under Minnesota Statutes, section 423A.022;

31.9 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire  
31.10 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between  
31.11 the amount determined under clause (1) and the amount transmitted under clause (2); and

31.12 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections  
31.13 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters  
31.14 covered by the public employees police and fire retirement plan under Minnesota Statutes,  
31.15 section 353.65, subdivision 3.

31.16 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin  
31.17 has no liability to the relief association related to payments it made or will make to the  
31.18 public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015,  
31.19 2016, 2017, ~~and 2018,~~ and 2019.

31.20 (c) ~~This section~~ Paragraph (a) expires July 1, ~~2019~~ 2020.

31.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
31.22 city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
31.23 subdivisions 2 and 3.

## 31.24 **ARTICLE 5**

### 31.25 **MINNESOTA STATE COLLEGES AND UNIVERSITIES** 31.26 **RETIREMENT PROVISIONS**

31.27 Section 1. Minnesota Statutes 2018, section 354B.23, subdivision 1, is amended to read:

31.28 Subdivision 1. **Member contribution rate.** (a) Except for a participant described under  
31.29 paragraph (b), the member contribution rate for participants in the individual retirement  
31.30 account plan is ~~4.5 percent of salary~~ equal to the coordinated employee contribution rate in  
31.31 section 354.42, subdivision 2.

32.1 (b) The member contribution rate is the rate described in paragraph (c) for a participant  
 32.2 in the individual retirement account plan who:

32.3 (1) achieved tenure or its equivalent at a Minnesota state college or university before  
 32.4 July 1, 2018; or

32.5 (2) is an employee in an eligible unclassified administrative position, is not a faculty  
 32.6 member, and first contributed to the individual retirement account plan before July 1, 2018.

32.7 (c) The member contribution rate for a participant described in paragraph (b) is the  
 32.8 following percentage of salary:

32.9 from July 1, 2019, to June 30, 2020 5.15

32.10 from July 1, 2020, to June 30, 2021 5.80

32.11 from July 1, 2021, to June 30, 2022 6.45

32.12 from July 1, 2022, to June 30, 2023 7.10

32.13 from July 1, 2023, to June 30, 2024 7.75

32.14 After June 30, 2024, the member contribution rate is the rate specified in paragraph (a).

32.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

32.16 Sec. 2. Minnesota Statutes 2018, section 354B.23, subdivision 3, is amended to read:

32.17 Subd. 3. **Employer contribution rate.** The employer contribution rate on behalf of  
 32.18 participants in the individual retirement account plan is six percent of salary in fiscal year  
 32.19 2019, 6.35 percent in fiscal year 2020, 6.7 percent in fiscal year 2021, 7.05 percent in fiscal  
 32.20 year 2022, 7.4 percent in fiscal year 2023, and 7.75 percent in fiscal year 2024. Starting in  
 32.21 fiscal year 2025, the employer contribution rate is equal to the coordinated employee  
 32.22 contribution rate in section 354.42, subdivision 2.

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

## 32.24 **ARTICLE 6**

### 32.25 **GENERALLY APPLICABLE RETIREMENT PLAN CHANGES**

32.26 Section 1. Minnesota Statutes 2018, section 356.219, subdivision 3, is amended to read:

32.27 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include a  
 32.28 written statement of the investment policy. Following that initial report, subsequent reports  
 32.29 must include investment policy changes and the effective date of each policy change rather  
 32.30 than a complete statement of investment policy, unless the state auditor requests submission



33.1 of a complete current statement. The report must also include the information required by  
33.2 the following paragraphs, as applicable.

33.3 (b) If, after four years of reporting under this paragraph, the total portfolio time weighted  
33.4 rate of return, net of all investment related costs and fees, provided by the public pension  
33.5 plan differs by no more than 0.1 percent from the comparable return for the plan calculated  
33.6 by the Office of the State Auditor, and if a public pension plan has a total market value of  
33.7 ~~\$25,000,000~~ \$50,000,000 or more as of the beginning of the calendar year, and if the public  
33.8 pension plan's annual audit is performed by the state auditor or by the legislative auditor,  
33.9 the report required by subdivision 1 must include the market value of the total portfolio and  
33.10 the market value of each asset class included in the pension fund as of the beginning of the  
33.11 calendar year and as of the end of the calendar year. At the discretion of the state auditor,  
33.12 the public pension plan may be required to submit the market value of the total portfolio  
33.13 and the market value of each investment account, investment portfolio, or asset class included  
33.14 in the pension fund for each month, and the amount and date of each injection and withdrawal  
33.15 to the total portfolio and to each investment account, investment portfolio, or asset class. If  
33.16 the market value of a public pension plan's fund drops below ~~\$25,000,000~~ \$50,000,000 in  
33.17 a subsequent year, it must continue reporting under this paragraph for any subsequent year  
33.18 in which the public pension plan is not fully invested as specified in subdivision 1, paragraph  
33.19 (b), except that if the public pension plan's annual audit is not performed by the state auditor  
33.20 or legislative auditor, paragraph (c) applies.

33.21 (c) If paragraph (b) would apply if the annual audit were provided by the state auditor  
33.22 or legislative auditor, the report required by subdivision 1 must include the market value  
33.23 of the total portfolio and the market value of each asset class included in the pension fund  
33.24 as of the beginning of the calendar year and for each month, and the amount and date of  
33.25 each injection and withdrawal to the total portfolio and to each investment account,  
33.26 investment portfolio, or asset class.

33.27 (d) For public pension plans to which paragraph (b) or (c) applies, the report required  
33.28 by subdivision 1 must also include a calculation of the total time-weighted rate of return  
33.29 available from index-matching investments assuming the asset class performance targets  
33.30 and target asset mix indicated in the written statement of investment policy. The provided  
33.31 information must include a description of indices used in the analyses and an explanation  
33.32 of why those indices are appropriate. This paragraph does not apply to any fully invested  
33.33 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of Investment  
33.34 under this paragraph is limited to information on the Minnesota public pension plans required  
33.35 to be invested by the State Board of Investment under section 11A.23.

34.1 (e) If a public pension plan has a total market value of less than ~~\$25,000,000~~ \$50,000,000  
34.2 as of the beginning of the calendar year and was never required to file under paragraph (b)  
34.3 or (c), the report required by subdivision 1 must include the amount and date of each total  
34.4 portfolio injection and withdrawal. In addition, the report must include the market value of  
34.5 the total portfolio as of the beginning of the calendar year and for each quarter.

34.6 (f) Any public pension plan reporting under paragraph (b) or (c) must include computed  
34.7 time-weighted rates of return with the report, in addition to all other required information,  
34.8 as applicable. The chief administrative officer of the public pension plan submitting the  
34.9 returns must certify, on a form prescribed by the state auditor, that the returns have been  
34.10 computed by the pension plan's investment performance consultant or custodial bank. The  
34.11 chief administrative officer of the public pension plan submitting the returns also must  
34.12 certify that the returns are net of all costs and fees, including investment management fees,  
34.13 and that the procedures used to compute the returns are consistent with Bank Administration  
34.14 Institute studies of investment performance measurement and presentation standards set by  
34.15 the CFA Institute. If the certifications required under this paragraph are not provided, the  
34.16 reporting requirements of paragraph (c) apply.

34.17 (g) For public pension plans reporting under paragraph (e), the public pension plan must  
34.18 retain supporting information specifying the date and amount of each injection and  
34.19 withdrawal to each investment account and investment portfolio. The public pension plan  
34.20 must also retain the market value of each investment account and investment portfolio at  
34.21 the beginning of the calendar year and for each quarter. Information that is required to be  
34.22 collected and retained for any given year or years under this paragraph must be submitted  
34.23 to the Office of the State Auditor if the Office of the State Auditor requests in writing that  
34.24 the information be submitted by a public pension plan or plans, or be submitted by the State  
34.25 Board of Investment for any plan or plans for which the State Board of Investment is the  
34.26 investment authority under this section. If the state auditor requests information under this  
34.27 subdivision, and the public plan fails to comply, the pension plan is subject to penalties  
34.28 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

34.29 **EFFECTIVE DATE.** This section is effective January 1, 2020.

34.30 **Sec. 2. [356.97] INFORMATION SERVICES AND TECHNOLOGY.**

34.31 The executive directors subject to the standard of fiduciary conduct under chapter 356A  
34.32 and the boards to which they report are exempt from the requirements of chapter 16E. An  
34.33 executive director or board may use services provided by the Office of MN.IT Services.

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

35.1       Sec. 3. **CITY OF ST. PAUL; ST. PAUL SCHOOL DISTRICT; TEMPORARY**  
35.2 **SUPPLEMENTAL PENSION PLAN CONTRIBUTION RESTRICTION**  
35.3 **EXEMPTION.**

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

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

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

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

35.14       (4) the plumbers and pipefitters national pension fund or a plumbers and pipefitters local  
35.15 pension fund;

35.16       (5) the sheet metal workers national defined benefit pension fund, a sheet metal workers  
35.17 local defined benefit pension fund, or a sheet metal workers local defined contribution  
35.18 retirement fund;

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

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

35.23       (8) the carpenters and joiners defined benefit pension fund or the carpenters and joiners  
35.24 defined contribution pension fund;

35.25       (9) the sprinkler fitters national defined benefit pension fund or the sprinkler fitters  
35.26 supplemental defined contribution pension fund;

35.27       (10) the painters and allied trades national pension fund or a painters and allied trades  
35.28 local pension fund; or

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

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

36.1 Sec. 4. **DIRECTION TO PREPARE DRAFT LEGISLATION.**

36.2 Representatives of the city of St. Paul, Independent School District No. 625, St. Paul,  
 36.3 and the local trade unions participating in the funds listed in section 3 shall work with the  
 36.4 staff of the Legislative Commission on Pensions and Retirement to prepare draft legislation  
 36.5 for consideration during the 2020 legislative session and submit the draft legislation to the  
 36.6 executive director of the Legislative Commission on Pensions and Retirement no later than  
 36.7 November 30, 2019. The draft legislation must eliminate the need to identify in Minnesota  
 36.8 Statutes, section 356.24, specific multiemployer funds in which the city of St. Paul or  
 36.9 Independent School District No. 625, St. Paul, participate, including the funds listed in  
 36.10 section 3, by:

36.11 (1) excluding from eligibility under a pension plan administered by the public employees  
 36.12 retirement association or the teachers retirement association, as applicable, any employee  
 36.13 accruing a retirement benefit under a multiemployer fund in which the city of St. Paul or  
 36.14 Independent School District No. 625, St. Paul, participate, including the funds listed in  
 36.15 section 3, who is or becomes employed by the city of St. Paul and Independent School  
 36.16 District No. 625, St. Paul, for any year that the employee participates in the multiemployer  
 36.17 fund; or

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

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

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

36.27 **ARTICLE 7**

36.28 **FORMER MERF DIVISION**  
 36.29 **EMPLOYER AND STATE CONTRIBUTION REVISIONS**

36.30 Section 1. Minnesota Statutes 2018, section 353.27, subdivision 3c, is amended to read:

36.31 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For  
 36.32 the period July 1, ~~2015~~ 2019, through December 31, 2031, the member contributions for  
 36.33 former members of the Minneapolis Employees Retirement Fund and by the former

37.1 Minneapolis Employees Retirement Fund-covered employing units are governed by this  
37.2 subdivision.

37.3 (b) The member contribution for a public employee who was a member of the former  
37.4 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of  
37.5 the employee.

37.6 (c) The employer regular contribution with respect to a public employee who was a  
37.7 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75  
37.8 percent of the salary of the employee.

37.9 (d) The annual employer supplemental contribution is the employing unit's share of  
37.10 ~~\$31,000,000. For calendar years 2017 and 2018, the employer supplemental contribution~~  
37.11 ~~is the employing unit's share of \$21,000,000.~~

37.12 (e) Each employing unit's share under paragraph (d) is the amount determined from an  
37.13 allocation between each employing unit in the portion equal to the unit's employer  
37.14 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,  
37.15 during calendar year 2014.

37.16 (f) The employer supplemental contribution amount under paragraph (d) for calendar  
37.17 year ~~2015~~ 2019 must be invoiced by the executive director of the Public Employees  
37.18 Retirement Association by July 1, ~~2015~~. ~~The calendar year 2015 payment is payable in a~~  
37.19 ~~single amount on or before September 30, 2015~~ 2019. For subsequent calendar years, the  
37.20 employer supplemental contribution under paragraph (d) must be invoiced on January 31  
37.21 of each year ~~and~~. The employer supplemental contribution is payable in two parts, with the  
37.22 first half payable on or before July 31 and with the second half payable on or before  
37.23 December 15. Late payments are payable with interest, compounded annually, at the  
37.24 applicable rate or rates specified in section 356.59, subdivision 3, per month for each month  
37.25 or portion of a month that has elapsed after the due date.

37.26 (g) The employer supplemental contribution under paragraph (d) terminates on December  
37.27 31, 2031.

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

38.1 Sec. 2. Minnesota Statutes 2018, section 353.505, is amended to read:

38.2 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

38.3 (a) On September 15, 2019, and annually thereafter, the state shall pay to the general  
38.4 employees retirement plan of the Public Employees Retirement Association, with respect  
38.5 to the former MERF division, ~~\$6,000,000~~ \$16,000,000.

38.6 ~~(b) On September 15, 2017, and September 15, 2018, the state shall pay to the general~~  
38.7 ~~employees retirement plan of the Public Employees Retirement Association, with respect~~  
38.8 ~~to the former MERF division, \$16,000,000.~~

38.9 ~~(e)~~ (b) State contributions under this section end on September 15, 2031.

38.10 (c) The commissioner of management and budget shall pay the contribution specified  
38.11 in this section. The amount required is appropriated annually from the general fund to the  
38.12 commissioner of management and budget.

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

38.14 **ARTICLE 8**

38.15 **STATE AID TO LOCAL GOVERNMENTS FOR**  
38.16 **EMPLOYER CONTRIBUTIONS TO PERA**

38.17 Section 1. Minnesota Statutes 2018, section 273.1385, subdivision 4, is amended to read:

38.18 Subd. 4. **Aid termination.** The aid provided under this section ~~terminates on June 30,~~  
38.19 ~~2020;~~ continues until the earlier of:

38.20 (1) the last day of the fiscal year immediately following the fiscal year in which the  
38.21 actuarial value of assets of the general employees retirement plan of the Public Employees  
38.22 Retirement Association first equals or exceeds the actuarial accrued liabilities of the plan  
38.23 as reported in the annual actuarial valuation prepared under section 356.215; or

38.24 (2) June 30, 2048.

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

38.26 Delete the title and insert:

38.27 "A bill for an act

38.28 relating to retirement; making administrative changes to the Minnesota State  
38.29 Retirement System; revising the requirements and eliminating the expiration date  
38.30 for the Public Employees Retirement Association phased retirement program;  
38.31 revising the municipal contribution to the public employees police and fire  
38.32 retirement plan related to the former Minneapolis firefighters and police relief  
38.33 associations; increasing member and employer contributions for the higher  
38.34 education individual retirement account plan; authorizing the termination of plan

39.1 participation in the statewide volunteer firefighter retirement plan and providing  
39.2 for the distribution of benefits and allocation of any surplus assets; adopting the  
39.3 recommendations of the volunteer firefighter relief association working group;  
39.4 extending the alternative allocation of fire state aid for the city of Austin;  
39.5 authorizing a temporary supplemental pension plan contribution restriction  
39.6 exemption; revising the employer and state contributions related to the former  
39.7 MERF Division; extending the state aid to local governments related to employer  
39.8 contributions to the PERA general employees plan; making miscellaneous technical  
39.9 corrections to laws and statutes; correcting erroneous, obsolete, and omitted text  
39.10 and references; amending Minnesota Statutes 2018, sections 3A.02, by adding a  
39.11 subdivision; 69.051, subdivision 1; 273.1385, subdivision 4; 352.03, subdivisions  
39.12 1, 1b; 352.113, subdivision 2; 352.115, subdivision 7, by adding a subdivision;  
39.13 352.23; 352.85, subdivision 4; 352.87, subdivision 8; 352B.08, by adding a  
39.14 subdivision; 352D.05, subdivision 3; 352F.04, subdivision 1; 353.27, subdivision  
39.15 3c; 353.371, subdivisions 1, 2, 3, 4, 5, 6, 7; 353.505; 353.665, subdivision 8, by  
39.16 adding a subdivision; 354B.23, subdivisions 1, 3; 356.219, subdivision 3; 424A.001,  
39.17 by adding a subdivision; 424A.01, subdivision 6; 424A.015, subdivision 6;  
39.18 424A.016, subdivisions 3, 6; 424A.02, subdivisions 2, 7, 9, 10; 424A.10,  
39.19 subdivision 1; 490.126, subdivision 3; Laws 2018, chapter 211, article 14, section  
39.20 26; proposing coding for new law in Minnesota Statutes, chapters 353G; 356;  
39.21 repealing Minnesota Statutes 2018, sections 352F.06; 353.371, subdivision 8;  
39.22 353G.15."