

THIRTIETH DAY

St. Paul, Minnesota, Tuesday, April 2, 2013

The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

Senator Hayden imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Dennis Morreim.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Anderson	Dziedzic	Ingebrigtsen	Nienow	Schmit
Benson	Eaton	Jensen	Osmek	Senjem
Bonoff	Eken	Johnson	Pappas	Sheran
Brown	Fischbach	Kent	Pederson, J.	Skoe
Carlson	Franzen	Koenen	Petersen, B.	Sparks
Chamberlain	Gazelka	Latz	Pratt	Stumpf
Champion	Goodwin	Limmer	Reinert	Thompson
Clausen	Hall	Lourey	Rest	Tomassoni
Cohen	Hann	Marty	Rosen	Weber
Dahle	Hawj	Miller	Ruud	Wiger
Dahms	Hayden	Nelson	Saxhaug	Wiklund
Dibble	Hoffman	Newman	Scalze	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

March 21, 2013

The Honorable Paul Thissen
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2013 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2013	Date Filed 2013
	87	10	1:58 p.m. March 21	March 21

Sincerely,
Mark Ritchie
Secretary of State

REPORTS OF COMMITTEES

Senator Hayden moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1450 and 1232. The motion prevailed.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred

S.F. No. 1160: A bill for an act relating to agriculture; making policy, technical, conforming, and clarifying changes to provisions related to agricultural law; modifying provisions related to pesticide control, agricultural resource loan and ethanol development, the Rural Finance Authority, grain buyers, and other agriculture-related provisions; establishing the Minnesota agricultural water quality program; modifying noxious weed law; modifying definition of E85; authorizing rulemaking; amending Minnesota Statutes 2012, sections 17.118, subdivision 2; 18.77, subdivisions 3, 4, 10, 12; 18.78, subdivision 3; 18.79, subdivisions 6, 13; 18.82, subdivision 1; 18.91, subdivisions 1, 2; 18B.01, by adding a subdivision; 18B.065, subdivision 2a; 18B.07, subdivisions 4, 5, 7; 18B.26, subdivision 3; 18B.316, subdivisions 1, 3, 4, 8, 9; 18B.37, subdivision 4; 31.94; 41A.105, subdivision 5; 41A.12, by adding a subdivision; 41B.04, subdivision 9; 223.17, by adding a subdivision; 232.22, by adding a subdivision; 296A.01, subdivision 19; proposing coding for new law in Minnesota Statutes, chapters 17; 18; repealing Minnesota Statutes 2012, sections 18.91, subdivisions 3, 5; 18B.07, subdivision 6; Minnesota Rules, parts 1505.0751, subparts 7, 8; 1510.0011, subparts 1, 4; 1510.0020; 1510.0030; 1510.0040; 1510.0050; 1510.0060; 1510.0070; 1510.0080; 1510.0090; 1510.0100; 1510.0111; 1510.0161; 1510.0171; 1510.0180; 1510.0200; 1510.0210; 1510.0220; 1510.0231; 1510.0241; 1510.0261; 1510.0340; 1510.0350; 1510.0360.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

POLICY AND TECHNICAL CHANGES

Section 1. Minnesota Statutes 2012, section 17.118, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae, ratitae, bison, sheep, horses, and llamas.

(c) "Qualifying expenditures" means the amount spent for:

(1) the acquisition, construction, or improvement of buildings or facilities for the production of livestock or livestock products;

(2) the development of pasture for use by livestock including, but not limited to, the acquisition, development, or improvement of:

(i) lanes used by livestock that connect pastures to a central location;

(ii) watering systems for livestock on pasture including water lines, booster pumps, and well installations;

(iii) livestock stream crossing stabilization; and

(iv) fences; or

(3) the acquisition of equipment for livestock housing, confinement, feeding, and waste management including, but not limited to, the following:

(i) freestall barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

(vi) scales;

(vii) milk storage and cooling facilities;

(viii) bulk tanks;

(ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;

(x) manure pumping and storage facilities;

(xi) swine farrowing facilities;

(xii) swine and cattle finishing barns;

(xiii) calving facilities;

(xiv) digesters;

(xv) equipment used to produce energy;

- (xvi) on-farm processing facilities equipment;
- (xvii) fences; and
- (xviii) livestock pens and corrals and sorting, restraining, and loading chutes.

Except for qualifying pasture development expenditures under clause (2), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

~~(d) "Qualifying period" means, for a grant awarded during a fiscal year, that full calendar year of which the first six months precede the first day of the current fiscal year. For example, an eligible person who makes qualifying expenditures during calendar year 2008 is eligible to receive a livestock investment grant between July 1, 2008, and June 30, 2009.~~

Sec. 2. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 4a. **Bulk pesticide storage facility.** "Bulk pesticide storage facility" means a facility that is required to have a permit under section 18B.14.

Sec. 3. Minnesota Statutes 2012, section 18B.07, subdivision 4, is amended to read:

Subd. 4. **Pesticide storage safeguards at application sites.** A person may not allow a pesticide, rinsate, or unrinsed pesticide container to be stored, kept, or to remain in or on any site without safeguards adequate to prevent an incident. Pesticides may not be stored in any location with an open drain.

Sec. 4. Minnesota Statutes 2012, section 18B.07, subdivision 5, is amended to read:

Subd. 5. **Use of public water supplies for filling application equipment.** (a) A person may not fill pesticide application equipment directly from a public water supply, as defined in section 144.382, or from public waters, as defined in section 103G.005, subdivision 15, unless the outlet from the public water supply is equipped with a backflow prevention device that complies with and is installed in accordance with the Minnesota Plumbing Code under Minnesota Rules. A nurse tank not connected to the water supply, an atmospheric vacuum breaker, an air gap that is 2.0 times the effective diameter of the outlet, a pressurized vacuum breaker, or a reduced pressure principle backflow prevention device must also comply with the requirements under the Minnesota Plumbing Code under Minnesota Rules, parts 4715.2000 to 4715.2280.

(b) Cross connections between a water supply use for filling pesticide application equipment are prohibited.

(c) This subdivision does not apply to permitted applications of aquatic pesticides to public waters.

Sec. 5. Minnesota Statutes 2012, section 18B.07, subdivision 7, is amended to read:

Subd. 7. **Cleaning equipment in or near surface water Pesticide handling restrictions.** (a) A person may not: fill, clean, unload, or park pesticide application equipment where pesticides or materials contaminated with pesticides could enter ditches, surface water, groundwater, wells, drains, or sewers. For wells, the setbacks established in rules of the Department of Health apply.

(1) ~~clean pesticide application equipment in surface waters of the state; or~~

(2) ~~fill or clean pesticide application equipment adjacent to surface waters, ditches, or wells where, because of the slope or other conditions, pesticides or materials contaminated with pesticides could enter or contaminate the surface waters, groundwater, or wells, as a result of overflow, leakage, or other causes.~~

(b) This subdivision does not apply to permitted application of aquatic pesticides to public waters.

Sec. 6. Minnesota Statutes 2012, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Registration application and gross sales fee.** (a) For an agricultural pesticide, a registrant shall pay an annual registration application fee for each agricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable.

(b) For a nonagricultural pesticide, a registrant shall pay a minimum annual registration application fee for each nonagricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable. The registrant of a nonagricultural pesticide shall pay, in addition to the \$350 minimum fee, a fee of 0.5 percent of annual gross sales of the nonagricultural pesticide in the state and the annual gross sales of the nonagricultural pesticide sold into the state for use in this state. ~~The commissioner may not assess a fee under this paragraph if the amount due based on percent of annual gross sales is less than \$10~~ No fee is required if the fee due amount based on percent of annual gross sales of a nonagricultural pesticide is less than \$10. The registrant shall secure sufficient sales information of nonagricultural pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (g), and fees shall be paid by the registrant based upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of the state are exempt from the gross sales fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural pesticide by the registrant for the preceding calendar year. A pesticide determined by the commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee.

(c) For agricultural pesticides, a licensed agricultural pesticide dealer or licensed pesticide dealer shall pay a gross sales fee of 0.55 percent of annual gross sales of the agricultural pesticide in the state and the annual gross sales of the agricultural pesticide sold into the state for use in this state.

(d) In those cases where a registrant first sells an agricultural pesticide in or into the state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer license and is responsible for payment of the annual gross sales fee under paragraph (c), record keeping under paragraph (i), and all other requirements of section 18B.316.

(e) If the total annual revenue from fees collected in fiscal year 2011, 2012, or 2013, by the commissioner on the registration and sale of pesticides is less than \$6,600,000, the commissioner, after a public hearing, may increase proportionally the pesticide sales and product registration fees

under this chapter by the amount necessary to ensure this level of revenue is achieved. The authority under this section expires on June 30, 2014. The commissioner shall report any fee increases under this paragraph 60 days before the fee change is effective to the senate and house of representatives agriculture budget divisions.

(f) An additional fee of 50 percent of the registration application fee must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(g) A registrant must annually report to the commissioner the amount, type and annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report or approve the method for submittal of the report and may require additional information deemed necessary to determine the amount and type of nonagricultural pesticide annually distributed in the state. The information required shall include the brand name, United States Environmental Protection Agency registration number, and amount of each nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(h) A licensed agricultural pesticide dealer or licensed pesticide dealer must annually report to the commissioner the amount, type, and annual gross sales of each registered agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state for use in the state. The report must be filed by January 31 for the previous year's sales. The commissioner shall specify the form, contents, and approved electronic method for submittal of the report and may require additional information deemed necessary to determine the amount and type of agricultural pesticide annually distributed within the state or into the state. The information required must include the brand name, United States Environmental Protection Agency registration number, and amount of each agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state.

(i) A person who registers a pesticide with the commissioner under paragraph (b), or a registrant under paragraph (d), shall keep accurate records for five years detailing all distribution or sales transactions into the state or in the state and subject to a fee and surcharge under this section.

(j) The records are subject to inspection, copying, and audit by the commissioner and must clearly demonstrate proof of payment of all applicable fees and surcharges for each registered pesticide product sold for use in this state. A person who is located outside of this state must maintain and make available records required by this subdivision in this state or pay all costs incurred by the commissioner in the inspecting, copying, or auditing of the records.

(k) The commissioner may adopt by rule regulations that require persons subject to audit under this section to provide information determined by the commissioner to be necessary to enable the commissioner to perform the audit.

(l) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (b) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 7. Minnesota Statutes 2012, section 18B.305, is amended to read:

18B.305 PESTICIDE EDUCATION AND TRAINING.

Subdivision 1. **Education and training.** (a) The commissioner, as the lead agency, shall develop, implement or approve, and evaluate, in conjunction consultation with the University of Minnesota Extension Service, the Minnesota State Colleges and Universities system, and other educational institutions, innovative educational and training programs addressing pesticide concerns including:

- (1) water quality protection;
- (2) endangered species protection;
- (3) minimizing pesticide residues in food and water;
- (4) worker protection and applicator safety;
- (5) chronic toxicity;
- (6) integrated pest management and pest resistance; **and**
- (7) pesticide disposal;
- (8) pesticide drift;
- (9) relevant laws including pesticide labels and labeling and state and federal rules and regulations; **and**
- (10) current science and technology updates.

(b) The commissioner shall appoint educational planning committees which must include representatives of industry and applicators.

(c) Specific current regulatory concerns must be discussed and, if appropriate, incorporated into each training session. Relevant changes to pesticide product labels or labeling or state and federal rules and regulations may be included.

(d) The commissioner may approve programs from private industry, higher education institutions, and nonprofit organizations that meet minimum requirements for education, training, and certification.

Subd. 2. **Training manual and examination development.** The commissioner, in conjunction consultation with the University of Minnesota Extension Service and other higher education institutions, shall continually revise and update pesticide applicator training manuals and examinations. The manuals and examinations must be written to meet or exceed the minimum standards required by the United States Environmental Protection Agency and pertinent state specific information. Questions in the examinations must be determined by the commissioner in consultation with other responsible agencies. Manuals and examinations must include pesticide management practices that discuss prevention of pesticide occurrence in groundwaters groundwater and surface water of the state.

Sec. 8. Minnesota Statutes 2012, section 18B.316, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person must not distribute offer for sale or sell an agricultural pesticide in the state or into the state without first obtaining an agricultural pesticide dealer license.

(b) Each location or place of business from which an agricultural pesticide is distributed offered for sale or sold in the state or into the state is required to have a separate agricultural pesticide dealer license.

(c) A person who is a licensed pesticide dealer under section 18B.31 is not required to also be licensed under this subdivision.

Sec. 9. Minnesota Statutes 2012, section 18B.316, subdivision 3, is amended to read:

Subd. 3. **Resident agent.** A person required to be licensed under subdivisions 1 and 2, or a person licensed as a pesticide dealer pursuant to section 18B.31 and who operates from a location or place of business outside the state and who distributes offers for sale or sells an agricultural pesticide into the state, must continuously maintain in this state the following:

(1) a registered office; and

(2) a registered agent, who may be either a resident of this state whose business office or residence is identical with the registered office under clause (1), a domestic corporation or limited liability company, or a foreign corporation or limited liability company authorized to transact business in this state and having a business office identical with the registered office.

A person licensed under this section or section 18B.31 shall annually file with the commissioner, either at the time of initial licensing or as part of license renewal, the name, address, telephone number, and e-mail address of the licensee's registered agent.

For licensees under section 18B.31 who are located in the state, the licensee is the registered agent.

Sec. 10. Minnesota Statutes 2012, section 18B.316, subdivision 4, is amended to read:

Subd. 4. **Responsibility.** The resident agent is responsible for the acts of a licensed agricultural pesticide dealer, or of a licensed pesticide dealer under section 18B.31 who operates from a location or place of business outside the state and who distributes offers for sale or sells an agricultural pesticide into the state, as well as the acts of the employees of those licensees.

Sec. 11. Minnesota Statutes 2012, section 18B.316, subdivision 8, is amended to read:

Subd. 8. **Report of sales and payment to commissioner.** A person who is an agricultural pesticide dealer, or is a licensed pesticide dealer under section 18B.31, who distributes offers for sale or sells an agricultural pesticide in or into the state, and a pesticide registrant pursuant to section 18B.26, subdivision 3, paragraph (d), shall no later than January 31 of each year report and pay applicable fees on annual gross sales of agricultural pesticides to the commissioner pursuant to requirements under section 18B.26, subdivision 3, paragraphs (c) and (h).

Sec. 12. Minnesota Statutes 2012, section 18B.316, subdivision 9, is amended to read:

Subd. 9. **Application.** (a) A person must apply to the commissioner for an agricultural pesticide dealer license on forms and in a manner approved by the commissioner.

(b) The applicant must be the person in charge of each location or place of business from which agricultural pesticides are distributed offered for sale or sold in or into the state.

(c) The commissioner may require that the applicant provide information regarding the applicant's proposed operations and other information considered pertinent by the commissioner.

(d) The commissioner may require additional demonstration of licensee qualification if the licensee has had a license suspended or revoked, or has otherwise had a history of violations in another state or violations of this chapter.

(e) A licensed agricultural pesticide dealer who changes the dealer's address or place of business must immediately notify the commissioner of the change.

(f) Beginning January 1, 2011, an application for renewal of an agricultural pesticide dealer license is complete only when a report and any applicable payment of fees under subdivision 8 are received by the commissioner.

Sec. 13. Minnesota Statutes 2012, section 18B.37, subdivision 4, is amended to read:

Subd. 4. ~~Storage, handling, Incident response, and disposal plan.~~ A pesticide dealer, agricultural pesticide dealer, or a commercial, noncommercial, or structural pest control applicator ~~or the business that the applicator is employed by~~ business must develop and maintain a an incident response plan that describes its pesticide storage, handling, incident response, and disposal practices the actions that will be taken to prevent and respond to pesticide incidents. The plan must contain the same information as forms provided by the commissioner. The plan must be kept at a principal business site or location within this state and must be submitted to the commissioner upon request on forms provided by the commissioner. The plan must be available for inspection by the commissioner.

Sec. 14. Minnesota Statutes 2012, section 31.94, is amended to read:

31.94 COMMISSIONER DUTIES.

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

(5) work closely with producers, the University of Minnesota, the Minnesota Trade Office, and other appropriate organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each year that ends in a zero or a five, the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include available data on organic acreage and production, available data on the sales or market performance of organic products, and recommendations regarding programs, policies, and research efforts that will benefit Minnesota's organic agriculture sector.

(c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the University of Minnesota on policies and programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture community. The task force must consist of the following residents of the state:

- (1) three organic farmers ~~using organic agriculture methods~~;
- (2) one wholesaler or distributor of organic products;
- (3) one representative of organic certification agencies;
- (4) two organic processors;
- (5) one representative from University of Minnesota Extension;
- (6) one University of Minnesota faculty member;
- (7) one representative from a nonprofit organization representing producers;
- (8) two public members;
- (9) one representative from the United States Department of Agriculture;
- (10) one retailer of organic products; and
- (11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension; and the dean of the College of Food, Agricultural and Natural Resource Sciences, shall appoint members to serve ~~staggered two~~ three-year terms.

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2013~~ 2016.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and certification agents operating within the state.

Sec. 15. Minnesota Statutes 2012, section 41A.105, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2014~~ 2015.

Sec. 16. Minnesota Statutes 2012, section 41A.12, subdivision 3, is amended to read:

Subd. 3. **Oversight.** The commissioner, in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agriculture

finance, must allocate available funds among eligible uses, develop competitive eligibility criteria, and award funds on a needs basis. By February 1 each year, the commissioner shall report to the legislature on the allocation among eligible uses and any financial assistance provided under this section.

Sec. 17. Minnesota Statutes 2012, section 41A.12, is amended by adding a subdivision to read:

Subd. 3a. **Grant awards.** Grant projects may continue for up to three years. Multiyear projects must be reevaluated by the commissioner before second- and third-year funding is approved. A project is limited to one grant for its funding.

Sec. 18. Minnesota Statutes 2012, section 41B.04, subdivision 9, is amended to read:

Subd. 9. **Restructured loan agreement.** (a) For a deferred restructured loan, all payments on the primary and secondary principal, all payments of interest on the secondary principal, and an agreed portion of the interest payable to the eligible agricultural lender on the primary principal must be deferred to the end of the term of the loan.

(b) Interest on secondary principal must accrue at a below market interest rate.

(c) At the conclusion of the term of the restructured loan, the borrower owes primary principal, secondary principal, and deferred interest on primary and secondary principal. However, part of this balloon payment may be forgiven following an appraisal by the lender and the authority to determine the current market value of the real estate subject to the mortgage. If the current market value of the land after appraisal is less than the amount of debt owed by the borrower to the lender and authority on this obligation, that portion of the obligation that exceeds the current market value of the real property must be forgiven by the lender and the authority in the following order:

- (1) deferred interest on secondary principal;
- (2) secondary principal;
- (3) deferred interest on primary principal;
- (4) primary principal as provided in an agreement between the authority and the lender; and
- (5) accrued but not deferred interest on primary principal.

(d) For an amortized restructured loan, payments must include installments on primary principal and interest on the primary principal. An amortized restructured loan must be amortized over a time period and upon terms to be established by the authority by rule.

(e) A borrower may prepay the restructured loan, with all primary and secondary principal and interest and deferred interest at any time ~~without prepayment penalty~~.

(f) The authority may not participate in refinancing a restructured loan at the conclusion of the restructured loan.

Sec. 19. Minnesota Statutes 2012, section 41D.01, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires on June 30, ~~2013~~ 2018.

Sec. 20. Minnesota Statutes 2012, section 223.17, is amended by adding a subdivision to read:

Subd. 7a. **Bond requirements; claims.** For entities licensed under this chapter and chapter 232, the bond requirements and claims against the bond are governed under section 232.22, subdivision 6a.

Sec. 21. Minnesota Statutes 2012, section 232.22, is amended by adding a subdivision to read:

Subd. 6a. **Bond determinations.** If a public grain warehouse operator is licensed under both this chapter and chapter 223, the warehouse shall have its bond determined by its gross annual grain purchase amount or its annual average grain storage value, whichever is greater. For those entities licensed under this chapter and chapter 223, the entire bond shall be available to any claims against the bond for claims filed under this chapter and chapter 223.

Sec. 22. Minnesota Statutes 2012, section 296A.01, subdivision 19, is amended to read:

Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline that typically contains not more than 85 percent ethanol by volume, but at a minimum must contain 60 greater than 50 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification ~~D5798-07~~ D5798-11.

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

Sec. 23. Minnesota Statutes 2012, section 583.215, is amended to read:

583.215 EXPIRATION.

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2013~~ 2015.

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

Sec. 24. **WASTE PESTICIDE REPORTING; 2013, 2014, AND 2015.**

Notwithstanding the recording and reporting requirements of Minnesota Statutes, section 18B.065, subdivision 2a, paragraph (d), persons are not required to record or report agricultural or nonagricultural waste pesticide collected after the effective date of this section in 2013, 2014, and 2015. The commissioner shall analyze existing collection data to identify trends that will inform future collection strategies to better meet the needs and nature of current waste pesticide streams. By January 15, 2015, the commissioner shall report analysis, recommendations, and proposed policy changes to this program to legislative committees with jurisdiction over agriculture finance and policy.

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

Sec. 25. **UPDATE REQUIRED; REPORT.**

No later than December 31, 2017, the commissioner of agriculture must use existing pesticide regulatory account resources to update and modify applicator education and training materials as required in section 7. No later than January 15, 2015, the commissioner must report to the legislative committees and divisions with jurisdiction over agriculture policy and finance regarding the agency's progress and a schedule of additional activities the commissioner will accomplish to meet the December 31, 2017, deadline.

Sec. 26. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 18B.01, subdivision 4a, as subdivision 4b and correct any cross-references.

Sec. 27. **REPEALER.**

Minnesota Statutes 2012, section 18B.07, subdivision 6, is repealed.

ARTICLE 2

BIOFUELS

Section 1. Minnesota Statutes 2012, section 41A.10, subdivision 2, is amended to read:

Subd. 2. **Cellulosic biofuel production goal.** The state cellulosic biofuel production goal is one-quarter of the total amount necessary for ~~ethanol~~ biofuel use required under section 239.791, subdivision ~~1a~~ 1, by 2015 or when cellulosic biofuel facilities in the state attain a total annual production level of 60,000,000 gallons, whichever is first.

Sec. 2. Minnesota Statutes 2012, section 41A.10, is amended by adding a subdivision to read:

Subd. 3. **Expiration.** This section expires January 1, 2015.

Sec. 3. Minnesota Statutes 2012, section 41A.105, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For the purpose of this section:

(1) "biobased chemical" means a polymer, monomer, chemical, plastic, or formulated product that is not sold primarily for the use as food, feed, or fuel and that has a biobased content percentage of at least 25 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866;

~~(1)~~ (2) "biobutanol facility" means a facility at which biobutanol is produced; and

~~(2)~~ (3) "biobutanol" means fermentation isobutyl alcohol that is derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources.

Sec. 4. Minnesota Statutes 2012, section 41A.105, subdivision 3, is amended to read:

Subd. 3. **Duties.** The board shall research and report to the commissioner of agriculture and to the legislature recommendations as to how the state can invest its resources to most efficiently achieve energy independence, agricultural and natural resources sustainability, and rural economic vitality. The board shall:

(1) examine the future of fuels, such as synthetic gases, biobutanol, hydrogen, methanol, biodiesel, and ethanol within Minnesota;

(2) examine the opportunity for biobased chemical production by integrated biorefineries or stand-alone facilities that use agricultural and forestry feedstocks;

~~(2)~~ (3) develop equity grant programs to assist locally owned facilities;

~~(3)~~ (4) study the proper role of the state in creating financing and investing and providing incentives;

~~(4)~~ (5) evaluate how state and federal programs, including the Farm Bill, can best work together and leverage resources;

~~(5)~~ (6) work with other entities and committees to develop a clean energy program; and

~~(6)~~ (7) report to the legislature before February 1 each year with recommendations as to appropriations and results of past actions and projects.

Sec. 5. Minnesota Statutes 2012, section 116J.437, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purpose of this section, the following terms have the meanings given.

(b) "Green economy" means products, processes, methods, technologies, or services intended to do one or more of the following:

(1) increase the use of energy from renewable sources, including through achieving the renewable energy standard established in section 216B.1691;

(2) achieve the statewide energy-savings goal established in section 216B.2401, including energy savings achieved by the conservation investment program under section 216B.241;

(3) achieve the greenhouse gas emission reduction goals of section 216H.02, subdivision 1, including through reduction of greenhouse gas emissions, as defined in section 216H.01, subdivision 2, or mitigation of the greenhouse gas emissions through, but not limited to, carbon capture, storage, or sequestration;

(4) monitor, protect, restore, and preserve the quality of surface waters, including actions to further the purposes of the Clean Water Legacy Act as provided in section 114D.10, subdivision 1;

(5) expand the use of biofuels, including by expanding the feasibility or reducing the cost of producing biofuels or the types of equipment, machinery, and vehicles that can use biofuels, including activities to achieve the ~~biofuels 25 by 2025 initiative in sections 41A.10, subdivision 2, and 41A.11~~ petroleum replacement goal in section 239.7911; or

(6) increase the use of green chemistry, as defined in section 116.9401.

For the purpose of clause (3), "green economy" includes strategies that reduce carbon emissions, such as utilizing existing buildings and other infrastructure, and utilizing mass transit or otherwise reducing commuting for employees.

Sec. 6. Minnesota Statutes 2012, section 239.051, is amended by adding a subdivision to read:

Subd. 1a. **Advanced biofuel.** "Advanced biofuel" has the meaning given in Public Law 110-140, title 2, subtitle A, section 201.

Sec. 7. Minnesota Statutes 2012, section 239.051, is amended by adding a subdivision to read:

Subd. 5a. **Biofuel.** "Biofuel" means a renewable fuel with an approved pathway under authority of the federal Energy Policy Act of 2005, Public Law 109-58, as amended by the federal Energy Independence and Security Act of 2007, Public Law 110-140, and approved for sale by the

United States Environmental Protection Agency. The term "biofuel" includes both advanced and conventional biofuels.

Sec. 8. Minnesota Statutes 2012, section 239.051, is amended by adding a subdivision to read:

Subd. 7a. **Conventional biofuel.** "Conventional biofuel" means ethanol derived from cornstarch, as defined in Public Law 110-140, title 2, subtitle A, section 201.

Sec. 9. Minnesota Statutes 2012, section 239.761, subdivision 3, is amended to read:

Subd. 3. **Gasoline.** (a) Gasoline that is not blended with ~~ethanol~~ biofuel must not be contaminated with water or other impurities and must comply with ASTM specification D4814-08b. Gasoline that is not blended with ~~ethanol~~ biofuel must also comply with the volatility requirements in Code of Federal Regulations, title 40, part 80.

(b) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol as provided in subdivision 4;

(2) shall not blend the gasoline with any oxygenate other than ~~denatured, agriculturally derived ethanol~~ biofuel;

(3) shall not blend the gasoline with other petroleum products that are not gasoline or ~~denatured, agriculturally derived ethanol~~ biofuel;

(4) shall not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 10. Minnesota Statutes 2012, section 239.791, subdivision 1, is amended to read:

Subdivision 1. **Minimum ~~ethanol~~ biofuel content required.** (a) Except as provided in subdivisions 10 to 14, a person responsible for the product shall ensure that all gasoline sold or offered for sale in Minnesota must contain at least the quantity of ~~ethanol~~ biofuel required by clause (1) or (2), whichever is greater at the option of the person responsible for the product:

(1) the greater of:

(i) 10.0 percent ~~denatured ethanol~~ conventional biofuel by volume; or

(2) (ii) the maximum percent of ~~denatured ethanol~~ conventional biofuel by volume authorized in a waiver granted by the United States Environmental Protection Agency; or

(2) 10.0 percent of a biofuel, other than a conventional biofuel, by volume authorized in a waiver granted by the United States Environmental Protection Agency or a biofuel formulation registered by the United States Environmental Protection Agency under United States Code, title 42, section 7545.

(b) For purposes of enforcing the ~~minimum ethanol~~ requirement of paragraph (a), clause (1), item (i), a gasoline/~~ethanol~~ gasoline/biofuel blend will be construed to be in compliance if the ~~ethanol~~ biofuel content, exclusive of denaturants and other permitted components, comprises not less than 9.2 percent by volume and not more than 10.0 percent by volume of the blend as determined by

an appropriate United States Environmental Protection Agency or American Society of Testing Materials standard method of analysis of alcohol/ether content in engine fuels.

(c) ~~The provisions of this subdivision are suspended during any period of time that subdivision 1a, paragraph (a), is in effect. The aggregate amount of biofuel blended pursuant to this subdivision may be any biofuel; however, conventional biofuel must comprise no less than the portion specified on and after the specified dates:~~

<u>(1)</u>	<u>July 1, 2013</u>	<u>90 percent</u>
<u>(2)</u>	<u>January 1, 2015</u>	<u>80 percent</u>
<u>(3)</u>	<u>January 1, 2017</u>	<u>70 percent</u>
<u>(4)</u>	<u>January 1, 2020</u>	<u>60 percent</u>
<u>(5)</u>	<u>January 1, 2025</u>	<u>no minimum</u>

Sec. 11. Minnesota Statutes 2012, section 239.791, subdivision 2a, is amended to read:

Subd. 2a. **Federal Clean Air Act waivers; conditions.** (a) Before a waiver granted by the United States Environmental Protection Agency under ~~section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4);~~ may alter the minimum content level required by subdivision 1, paragraph (a), clause (2), or subdivision ~~1a, paragraph (a), clause (2) (1), item (ii),~~ the waiver must:

- (1) apply to all gasoline-powered motor vehicles irrespective of model year; and
- (2) allow for special regulatory treatment of Reid vapor pressure under Code of Federal Regulations, title 40, section 80.27, paragraph (d), for blends of gasoline and ethanol up to the maximum percent of denatured ethanol by volume authorized under the waiver.

(b) ~~The minimum ethanol biofuel requirement in subdivision 1, paragraph (a), clause (2), or subdivision 1a, paragraph (a), clause (2); (1), item (ii), shall, upon the grant of the federal waiver or authority specified in United States Code, title 42, section 7545, that allows for greater blends of gasoline and biofuel in this state, be effective the day after the commissioner of commerce publishes notice in the State Register. In making this determination, the commissioner shall consider the amount of time required by refiners, retailers, pipeline and distribution terminal companies, and other fuel suppliers, acting expeditiously, to make the operational and logistical changes required to supply fuel in compliance with the minimum ethanol biofuel requirement.~~

Sec. 12. Minnesota Statutes 2012, section 239.791, subdivision 2b, is amended to read:

Subd. 2b. **Limited liability waiver.** No motor fuel shall be deemed to be a defective product by virtue of the fact that the motor fuel is formulated or blended pursuant to the requirements of subdivision 1, paragraph (a), clause (2), or ~~subdivision 1a (1), item (ii),~~ under any theory of liability except for simple or willful negligence or fraud. This subdivision does not preclude an action for negligent, fraudulent, or willful acts. This subdivision does not affect a person whose liability arises under chapter 115, water pollution control; 115A, waste management; 115B, environmental response and liability; 115C, leaking underground storage tanks; or 299J, pipeline safety; under public nuisance law for damage to the environment or the public health; under any other environmental or public health law; or under any environmental or public health ordinance or program of a municipality as defined in section 466.01.

Sec. 13. Minnesota Statutes 2012, section 239.7911, is amended to read:

239.7911 PETROLEUM REPLACEMENT PROMOTION.

Subdivision 1. **Petroleum replacement goal.** The tiered petroleum replacement goal of the state of Minnesota is that biofuel comprises at least the specified portion of total gasoline sold or offered for sale in this state by each specified year:

(1) at least 20 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2015; and

(2) at least 25 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2025.

(1)	2015	14 percent
(2)	2017	18 percent
(3)	2020	25 percent
(4)	2025	30 percent

Subd. 2. **Promotion of renewable liquid fuels.** (a) The commissioner of agriculture, in consultation with the commissioners of commerce and the Pollution Control Agency, shall identify and implement activities necessary for the widespread use of renewable liquid fuels in the state to achieve the goals in subdivision 1. Beginning November 1, 2005, and continuing through 2015, the commissioners, or their designees, shall work with representatives from the renewable fuels industry, petroleum retailers, refiners, automakers, small engine manufacturers, and other interested groups, to. The representatives shall assist the commissioners in carrying out the activities in paragraph (b) and eliminating barriers to the use of greater biofuel blends in this state. The representatives must coordinate efforts with the NextGen Energy Board, the biodiesel task force, and the Renewable Energy Roundtable and develop annual recommendations for administrative and legislative action.

(b) The activities of the commissioners under this subdivision shall include, but not be limited to:

(1) developing recommendations for specific, cost-effective incentives necessary to expedite the use of greater biofuel blends in this state including, but not limited to, incentives for retailers to install equipment necessary for dispensing to dispense renewable liquid fuels to the public;

(2) expanding the renewable-fuel options available to Minnesota consumers by obtaining federal approval for the use of E20 and additional blends that contain a greater percentage of ethanol, including but not limited to E30 and E50, as gasoline biofuel;

(3) developing recommendations for ensuring to ensure that motor vehicles and small engine equipment have access to an adequate supply of fuel;

(4) working with the owners and operators of large corporate automotive fleets in the state to increase their use of renewable fuels; and

(5) working to maintain an affordable retail price for liquid fuels;

(6) facilitating the production and use of advanced biofuels in this state; and

(7) developing procedures for reporting the amount and type of biofuel under subdivision 1, and section 239.791, subdivision 1, paragraph (c).

Sec. 14. Minnesota Statutes 2012, section 296A.01, is amended by adding a subdivision to read:

Subd. 8b. **Biobutanol.** "Biobutanol" means isobutyl alcohol produced by fermenting agriculturally generated organic material that is to be blended with gasoline, and meets either:

(1) the initial ASTM Standard Specification for Butanol for Blending with Gasoline for use as an Automotive Spark-Ignition Engine Fuel once it has been released by ASTM for general distribution;

or

(2) in the absence of an ASTM Standard Specification, the following list of requirements:

(i) visually free of sediment and suspended matter;

(ii) clear and bright at the ambient temperature of 21 degrees Celsius or the ambient temperature, whichever is higher;

(iii) free of any adulterant or contaminant that can render it unacceptable for its commonly used applications;

(iv) contains not less than 96 volume percent isobutyl alcohol;

(v) contains not more than 0.4 volume percent methanol;

(vi) contains not more than 1.0 volume percent water as determined by ASTM standard test method E203 or E1064;

(vii) acidity (as acetic acid) of not more than 0.007 mass percent as determined by ASTM standard test method D1613;

(viii) solvent washed gum content of not more than 5.0 milligrams per 100 milliliters as determined by ASTM standard test method D381;

(ix) sulfur content of not more than 30 parts per million as determined by ASTM standard test method D2622 or D5453; and

(x) contains not more than 4 parts per million total inorganic sulfate.

Sec. 15. **REPEALER.**

Minnesota Statutes 2012, section 239.791, subdivision 1a, is repealed.

ARTICLE 3

MINNESOTA NOXIOUS WEED LAW

Section 1. Minnesota Statutes 2012, section 18.77, subdivision 3, is amended to read:

Subd. 3. **Control.** "Control" means to ~~destroy all or part of the aboveground growth of noxious weeds~~ manage or prevent the maturation and spread of propagating parts of noxious weeds from one area to another by a lawful method that does not cause unreasonable adverse effects on the environment as defined in section 18B.01, subdivision 31, ~~and prevents the maturation and spread of noxious weed propagating parts from one area to another.~~

Sec. 2. Minnesota Statutes 2012, section 18.77, subdivision 4, is amended to read:

Subd. 4. **Eradicate.** "Eradicate" means to destroy the aboveground ~~growth and the roots and~~ belowground plant parts of noxious weeds by a lawful method ~~that~~ which prevents the maturation and spread of noxious weed propagating parts from one area to another.

Sec. 3. Minnesota Statutes 2012, section 18.77, subdivision 10, is amended to read:

Subd. 10. **Permanent pasture, hay meadow, woodlot, and or other noncrop area.** "Permanent pasture, hay meadow, woodlot, ~~and or~~ or other noncrop area" means an area of predominantly native or seeded perennial plants that can be used for grazing or hay purposes but is not harvested on a regular basis and is not considered to be a growing crop.

Sec. 4. Minnesota Statutes 2012, section 18.77, subdivision 12, is amended to read:

Subd. 12. **Propagating parts.** "Propagating parts" means all plant parts, including seeds, that are capable of producing new plants.

Sec. 5. **[18.771] NOXIOUS WEED CATEGORIES.**

(a) For purposes of designation under section 18.79, subdivision 13, noxious weed category means each of the following categories.

(b) "Prohibited noxious weed" includes noxious weeds that must be controlled or eradicated on all lands within the state. Transportation of a prohibited noxious weed's propagating parts shall be restricted by permit except as allowed by section 18.82. Prohibited noxious weeds cannot be sold or propagated in Minnesota. There are two regulatory listings for prohibited noxious weeds in Minnesota:

(1) The "Noxious Weed Eradicate List" is established. Prohibited noxious weeds placed on the Noxious Weed Eradicate List are plants that are not currently known to be present in Minnesota or are not widely established. These species must be eradicated.

(2) The "Noxious Weed Control List" is established. Prohibited noxious weeds placed on the Noxious Weed Control List are plants that are already established throughout Minnesota or regions of the state. Species on this list must at least be controlled.

(c) "Restricted noxious weeds" includes noxious weeds that are widely distributed in Minnesota, but whose only feasible means of control is to prevent their spread by prohibiting the importation, sale, and transportation of their propagating parts in the state except as allowed by section 18.82.

(d) "Specially regulated plants" includes noxious weeds that may be native species or have demonstrated economic value, but also have the potential to cause harm in noncontrolled environments. Plants designated as specially regulated have been determined to pose ecological, economical, or human or animal health concerns. Species specific management plans or rules that define the use and management requirements for these plants must be developed by the commissioner of agriculture for each plant designated as specially regulated. The commissioner must also take measures to minimize the potential for harm caused by these plants.

(e) "County noxious weeds" includes noxious weeds that are designated by individual county boards to be enforced as prohibited noxious weeds within the county's jurisdiction and must be approved by the commissioner of agriculture, in consultation with the Noxious Weed Advisory Committee. Each county board must submit newly proposed county noxious weeds to the

commissioner of agriculture for review. Approved county noxious weeds shall also be posted with the county's general weed notice prior to May 15 each year. Counties are solely responsible for developing county noxious weed lists and their enforcement.

Sec. 6. Minnesota Statutes 2012, section 18.78, subdivision 3, is amended to read:

Subd. 3. **Cooperative Weed control agreement.** The commissioner, municipality, or county agricultural inspector or county-designated employee may enter into a cooperative weed control agreement with a landowner or weed management area group to establish a mutually agreed-upon noxious weed management plan for up to three years duration, whereby a noxious weed problem will be controlled without additional enforcement action. If a property owner fails to comply with the noxious weed management plan, an individual notice may be served.

Sec. 7. Minnesota Statutes 2012, section 18.79, subdivision 6, is amended to read:

Subd. 6. **Training for control or eradication of noxious weeds.** The commissioner shall conduct initial training considered necessary for inspectors and county-designated employees in the enforcement of the Minnesota Noxious Weed Law. The director of the Minnesota Extension Service may conduct educational programs for the general public that will aid compliance with the Minnesota Noxious Weed Law. Upon request, the commissioner may provide information and other technical assistance to the county agricultural inspector or county-designated employee to aid in the performance of responsibilities specified by the county board under section 18.81, subdivisions 1a and 1b.

Sec. 8. Minnesota Statutes 2012, section 18.79, subdivision 13, is amended to read:

Subd. 13. **Noxious weed designation.** The commissioner, in consultation with the Noxious Weed Advisory Committee, shall determine which plants are noxious weeds subject to ~~control~~ regulation under sections 18.76 to 18.91. The commissioner shall prepare, publish, and revise as necessary, but at least once every three years, a list of noxious weeds and their designated classification. The list must be distributed to the public by the commissioner who may request the help of the University of Minnesota Extension, the county agricultural inspectors, and any other organization the commissioner considers appropriate to assist in the distribution. The commissioner may, in consultation with the Noxious Weed Advisory Committee, accept and consider noxious weed designation petitions from Minnesota citizens or Minnesota organizations or associations.

Sec. 9. Minnesota Statutes 2012, section 18.82, subdivision 1, is amended to read:

Subdivision 1. **Permits.** Except as provided in section 21.74, if a person wants to transport along a public highway materials or equipment containing the propagating parts of weeds designated as noxious by the commissioner, the person must secure a written permit for transportation of the material or equipment from an inspector or county-designated employee. Inspectors or county-designated employees may issue permits to persons residing or operating within their jurisdiction. ~~If the noxious weed propagating parts are removed from materials and equipment or devitalized before being transported, a permit is not needed~~ A permit is not required for the transport of noxious weeds for the purpose of destroying propagating parts at a Department of Agriculture-approved disposal site. Anyone transporting noxious weed propagating parts for the purpose of disposal at an approved site shall ensure that all materials are contained in a manner that prevents escape during transport.

Sec. 10. Minnesota Statutes 2012, section 18.91, subdivision 1, is amended to read:

Subdivision 1. **Duties.** The commissioner shall consult with the Noxious Weed Advisory Committee to advise the commissioner concerning responsibilities under the noxious weed control program. The committee shall also evaluate species for invasiveness, difficulty of control, cost of control, benefits, and amount of injury caused by them. For each species evaluated, the committee shall recommend to the commissioner on which noxious weed list or lists, if any, the species should be placed. Species currently designated as prohibited or restricted noxious weeds or specially regulated plants must be reevaluated every three years for a recommendation on whether or not they need to remain on the noxious weed lists. The committee shall also advise the commissioner on the implementation of the Minnesota Noxious Weed Law and assist the commissioner in the development of management criteria for each noxious weed category. Members of the committee are not entitled to reimbursement of expenses nor payment of per diem. Members shall serve two-year terms with subsequent reappointment by the commissioner.

Sec. 11. Minnesota Statutes 2012, section 18.91, subdivision 2, is amended to read:

Subd. 2. **Membership.** The commissioner shall appoint members, which shall include representatives from the following:

- (1) horticultural science, agronomy, and forestry at the University of Minnesota;
- (2) the nursery and landscape industry in Minnesota;
- (3) the seed industry in Minnesota;
- (4) the Department of Agriculture;
- (5) the Department of Natural Resources;
- (6) a conservation organization;
- (7) an environmental organization;
- (8) at least two farm organizations;
- (9) the county agricultural inspectors;
- (10) city, township, and county governments;
- (11) the Department of Transportation;
- (12) the University of Minnesota Extension;
- (13) the timber and forestry industry in Minnesota;
- (14) the Board of Water and Soil Resources; **and**
- (15) soil and water conservation districts;
- (16) Minnesota Association of County Land Commissioners; and
- (17) members as needed.

Sec. 12. **REPEALER.**

Minnesota Statutes 2012, section 18.91, subdivisions 3 and 5, are repealed."

Delete the title and insert:

"A bill for an act relating to agriculture; making policy, technical, conforming, and clarifying changes to provisions related to agricultural law; modifying provisions related to pesticide control, agricultural resource loan and ethanol development, the Rural Finance Authority, grain buyers, and other agriculture-related provisions; providing a sunset date for the cellulosic ethanol production goal; extending the sunset for the Minnesota Agricultural Education Leadership Council and farmer-lender mediation; directing the NextGen Energy Board to examine biobased chemical production; converting the ethanol minimum content requirement to a biofuel requirement; expanding the petroleum replacement goal; repealing E20 mandate language; modifying noxious weed law; modifying definition of E85; requiring reports; amending Minnesota Statutes 2012, sections 17.118, subdivision 2; 18.77, subdivisions 3, 4, 10, 12; 18.78, subdivision 3; 18.79, subdivisions 6, 13; 18.82, subdivision 1; 18.91, subdivisions 1, 2; 18B.01, by adding a subdivision; 18B.07, subdivisions 4, 5, 7; 18B.26, subdivision 3; 18B.305; 18B.316, subdivisions 1, 3, 4, 8, 9; 18B.37, subdivision 4; 31.94; 41A.10, subdivision 2, by adding a subdivision; 41A.105, subdivisions 1a, 3, 5; 41A.12, subdivision 3, by adding a subdivision; 41B.04, subdivision 9; 41D.01, subdivision 4; 116J.437, subdivision 1; 223.17, by adding a subdivision; 232.22, by adding a subdivision; 239.051, by adding subdivisions; 239.761, subdivision 3; 239.791, subdivisions 1, 2a, 2b; 239.7911; 296A.01, subdivision 19, by adding a subdivision; 583.215; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 2012, sections 18.91, subdivisions 3, 5; 18B.07, subdivision 6; 239.791, subdivision 1a."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred

S.F. No. 240: A bill for an act relating to workforce development; establishing a new jobs training program; providing a credit against withholding tax liability; establishing accounts; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116L.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, after "provides" insert "at least"

Page 2, line 21, delete "businesses" and insert "employers"

Page 3, line 12, delete "business" and insert "employer"

Page 3, line 21, delete "to" and insert "for"

Page 3, line 28, delete "is" and insert "shall be"

Page 3, line 34, after "under" insert "section 116L.41,"

And when so amended the bill do pass and be re-referred to the Committee on Taxes. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was re-referred

S.F. No. 1073: A bill for an act relating to commerce; weights and measures; adding a requirement for identical product pricing; making technical updates to bring state into compliance with most recent federal fuel standards; modifying E85 requirements; amending Minnesota Statutes 2012, sections 239.751, by adding a subdivision; 239.761, subdivisions 3, 4, 5, 6, 7, 8, 10, 11,

13, 16, 17, by adding a subdivision; 239.77, subdivisions 1, 4; 239.791, subdivision 8; 296A.01, subdivision 19.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 27, delete "D675-11b" and insert "D6751-11b"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred

S.F. No. 840: A bill for an act relating to employment; modifying use of personal sick leave benefits; amending Minnesota Statutes 2012, section 181.9413.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, delete everything after "section" and insert a period

Page 1, delete lines 21 and 22

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred

S.F. No. 491: A bill for an act relating to workforce development; creating a pilot program for individuals with autism spectrum disorders; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Torres Ray from the Committee on Education, to which was referred

S.F. No. 799: A bill for an act relating to education; establishing minimum ratios for students per school counselors; proposing coding for new law in Minnesota Statutes, chapter 121A.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. TITLE.

This act may be cited as the "Student Services Personnel Team Assurance Act."

Sec. 2. STUDENT SERVICES PERSONNEL TEAM STAFFING GRANTS.

Subdivision 1. Grant program established. A grant program is established to assist school districts with caseloads above the established and recognized recommendations or guidelines of the student service personnel professions in licensed school counseling, school psychology, school nursing, school social work, and chemical dependency counseling. Grants must be used to create or increase student service personnel teams to address the academic, career, personal, social, and early-onset mental health needs of the students within that district and assist students in meeting the requirements for high school graduation, college and career exploration and selection, college affordability planning, and successful transitions into postsecondary education or training.

Subd. 2. **Definitions.** "Student services personnel team" means a licensed school counselor, school psychologist, school nurse, school social worker, and chemical dependency counselor licensed by the Board of Teaching to provide such services.

Subd. 3. **Application.** The commissioner of education shall develop the form and method for applying for the grants. The commissioner shall develop criteria for determining the allocation of the grants. This criteria must include priority funding directed to school districts in which student service personnel teams either (1) do not exist, (2) need missing or additional positions of a specific student service personnel team to complete the team, (3) are not normally funded or reimbursed by other sources, or (4) have caseloads among specific team members in excess of 150 percent of the established and recognized recommendations or guidelines of the profession.

Subd. 4. **Grant awards.** To qualify for a grant, each student services personnel team member must serve within the scope and practice of the established and recognized capacity of their respective professions and as defined by the Board of Teaching. Grants for the student services personnel team shall be used to lower the caseloads for specific team member areas in order to more effectively provide direct services to kindergarten through grade 12 students. Grant funding under this section must be matched by new funding for the student services personnel team from the school district. The school district must provide the additional funding for a two-year period or repay the grant to the Department of Education.

Subd. 5. **Reports.** School districts that receive grant funds shall report to the commissioner of education no later than July 31 of each year regarding the impact of the student services personnel team on the academic, career, personal, social, and early-onset mental health needs of the students served by the team during the previous academic year. The Department of Education shall develop the criteria necessary for the reports.

Sec. 3. **APPROPRIATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Student services grants.** For student services personnel team staffing grants under section 2:

\$	<u>20,000,000</u>	<u>2014</u>
\$	<u>20,000,000</u>	<u>2015</u>

Any balance in the first year does not cancel, but is available in the second year."

Delete the title and insert:

"A bill for an act relating to education; establishing a student services personnel team staffing grant; appropriating money."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 698: A bill for an act relating to natural resources; providing exemption for water-related service provider training; amending Minnesota Statutes 2012, section 84D.108, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 84D.108, subdivision 2, is amended to read:

Subd. 2. **Permit requirements.** (a) Service providers must complete invasive species training provided by the commissioner and pass an examination to qualify for a permit. Service provider permits are valid for three calendar years.

(b) A \$50 application and testing fee is required for service provider permit applications.

(c) Persons working for a permittee must satisfactorily complete aquatic invasive species-related training provided by the commissioner, except as provided under paragraph (d).

(d) A person working for a permittee that is a resort need not complete the training under paragraph (c) if the water-related equipment or structures removed or installed by the person remain on property owned by the resort and are only removed from and placed into the same water of the state. A permittee is responsible for the direct supervision of a person engaged under this paragraph. For purposes of this paragraph, "resort" has the meaning given under section 157.15."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 895: A bill for an act relating to commerce; weights and measures; clarifying use of petroleum inspection fee revenues; amending Minnesota Statutes 2012, section 239.101, subdivision 3.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 886: A bill for an act relating to state lands; modifying landowners' bill of rights; modifying land acquisition account; adding to and deleting from state parks and forests; authorizing certain exchanges and sales of state lands; amending Minnesota Statutes 2012, sections 84.0274, subdivision 6; 94.165.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 84.0274, subdivision 6, is amended to read:

Subd. 6. **State's responsibilities.** When the state proposes to purchase land for natural resources purposes, the commissioner of natural resources and, where applicable, the commissioner of administration shall have the following responsibilities:

(a) The responsibility to deal fairly and openly with the landowner in the purchase of property;

(b) The responsibility to refrain from discussing price with the landowner before an appraisal has been made. In addition, the same person shall not both appraise and negotiate for purchase of a tract of land. This paragraph does not apply to the state when discussing with a landowner the

trout stream easement payment determined under section 84.0272, subdivision 2, the native prairie bank easement payment determined under section 84.96, subdivision 5, or the Camp Ripley's Army compatible use buffer easement payment determined under section 84.0277, subdivision 2;

(c) The responsibility to use private fee appraisers to lower the state's acquisition costs to the greatest extent practicable; and

(d) The responsibility to acquire land in as expeditious a manner as possible. No option shall be made for a period of greater than two months if no survey is required or for nine months if a survey is required, unless the landowner, in writing, expressly requests a longer period of time. Provided that, if county board approval of the transaction is required pursuant to section 97A.145, no time limits shall apply. If the state elects not to purchase property upon which it has an option, it shall pay the landowner \$500 after the expiration of the option period. If the state elects to purchase the property, unless the landowner elects otherwise, payment to the landowner shall be made no later than 90 days following the state's election to purchase the property provided that the title is marketable and the owner acts expeditiously to complete the transaction.

Sec. 2. Minnesota Statutes 2012, section 94.165, is amended to read:

94.165 LAND ACQUISITION ACCOUNT.

Subdivision 1. **Creation of account.** There is created in the state treasury a land acquisition account.

Subd. 2. **Appropriation.** Money in the account is appropriated to the commissioner of natural resources for:

(1) the acquisition of natural resource lands or interests in lands within the outdoor recreation system established in chapter 86A;

(2) payment of expenses incurred by the commissioner in rendering saleable any state-owned property administered by the commissioner; and

(3) payment of expenses incurred by the commissioner in exchanging any state-owned property administered by the commissioner.

Subd. 3. **Report.** The commissioner must file a report to the house of representatives Ways and Means and the senate Finance committees and the Environment and Natural Resources committees of the senate and house of representatives by October 1 of each year indicating all purchases and sales from this account.

Sec. 3. ADDITIONS TO STATE PARKS.

Subdivision 1. **[85.012][Subd. 16.] Flandrau State Park, Brown County.** The following area is added to Flandrau State Park: West 130 feet by 272.25 feet of Lot B of Outlot 304, City of New Ulm.

Subd. 2. **[85.012][Subd. 38a.] Lake Vermilion State Park, St. Louis County.** The following areas are added to Lake Vermilion State Park:

(1) that part of the Northwest Quarter of the Northeast Quarter of Section 29, Township 62, Range 15, that lies southeasterly of Miettunen Plat Road and northeasterly of McKinley Park Road;

(2) that part of the Northwest Quarter of the Southwest Quarter of Section 28, Township 62, Range 15, that lies easterly of McKinley Park Road;

(3) Government Lot 7, Section 14, Township 62, Range 15;

(4) Government Lot 5, Section 23, Township 62, Range 15;

(5) those islands in Lake Vermilion located south of the westerly extension of the south line of Government Lot 6, west of the northerly extension of the east line of Government Lot 8, and east of the northerly extension of the west line of Government Lot 8, all in Section 13, Township 62, Range 15;

(6) that part of the Southeast Quarter of the Southwest Quarter of Section 26, Township 62, Range 15, that lies south of the south right-of-way line of State Highway 169; and

(7) the East 845 feet of the Southwest Quarter of the Southwest Quarter of Section 26, Township 62, Range 15, lying south of the south right-of-way line of State Highway 169.

Subd. 3. **[85.012][Subd. 53.] Sibley State Park, Kandiyohi County.** The following area is added to Sibley State Park: the Southeast Quarter of Section 12, Township 121, Range 35, except a square area of land containing two acres located in the southeast corner of the Northeast Quarter of the Southeast Quarter of Section 12, Township 121, Range 35.

Sec. 4. **DELETIONS FROM STATE PARKS.**

Subdivision 1. **[85.012][Subd. 38a.] Lake Vermilion State Park, St. Louis County.** The following areas are deleted from Lake Vermilion State Park:

(1) that part of the Northeast Quarter of the Northeast Quarter of Section 29, Township 62, Range 15, that lies southwesterly of McKinley Park Road; and

(2) that part of the Northeast Quarter of the Northeast Quarter of Section 29, Township 62, Range 15, that lies northwesterly of Miettunen Plat Road.

Subd. 2. **[85.012][Subd. 59.] Whitewater State Park, Winona County.** The following area is deleted from Whitewater State Park: that part of the Southeast Quarter of the Northwest Quarter of Section 21, Township 107, Range 10, described as follows:

Commencing at the southeast corner of said Southeast Quarter of the Northwest Quarter; thence on an assumed bearing of North 00 degrees 29 minutes 31 seconds West, along the east line of said Southeast Quarter of the Northwest Quarter, 1,146.55 feet to the point of beginning of the parcel to be described; thence continuing North 00 degrees 29 minutes 31 seconds West, along said east line, 254.93 feet to the northeast corner of said Southeast Quarter of the Northwest Quarter; thence South 88 degrees 26 minutes 03 seconds West, along the north line of said Southeast Quarter of the Northwest Quarter, 643.06 feet; thence South 18 degrees 36 minutes 33 seconds East, 31.00 feet; thence South 84 degrees 32 minutes 47 seconds East, 229.91 feet; thence South 65 degrees 23 minutes 08 seconds East, 446.86 feet, to the point of beginning.

Sec. 5. **ADDITION TO STATE FOREST.**

[89.021][Subd. 48a.] Snake River State Forest. The following area is added to the Snake River State Forest: Section 23, Township 42 North, Range 23 West.

Sec. 6. CONVEYANCE OF TAX-FORFEITED LANDS; ANOKA COUNTY.

(a) Notwithstanding Minnesota Statutes, section 282.01, subdivision 1a, Anoka County shall convey to the Lino Lakes Economic Development Authority the tax-forfeited lands described in paragraph (d) according to this section.

(b) No monetary compensation or consideration is required for, and no conditions attach to, the conveyance except as provided in this paragraph. The deed for the lands described in paragraph (d) must contain a restrictive covenant providing that upon resale by the Lino Lakes Economic Development Authority of all or any portion of those parcels to a nongovernmental entity, the Lino Lakes Economic Development Authority shall pay to the county ten percent of the gross sale proceeds from the sale. "Gross sale proceeds" means the purchase price negotiated between the Lino Lakes Economic Development Authority and the buyer, excluding the amount of special assessments reinstated by the city of Lino Lakes and payable by the buyer upon or after closing and excluding any other closing costs payable by the buyer. Anoka County shall apply the proceeds received from the Lino Lakes Economic Development Authority according to Minnesota Statutes, section 282.08, clause (4). The restrictive covenant for any parcel expires 30 years after the date of the deed.

(c) The commissioner of revenue must release the tax-forfeited lands from the trust in favor of the taxing district and convey the property on behalf of the state by quitclaim deed. The commissioner shall deliver the deeds for conveyance of the property described in paragraph (d) to Anoka County for recording no later than 90 days after the effective date of this act.

(d) The lands to be conveyed are located in Anoka County and are described as:

- (1) parcel 17-31-22-11-0002;
- (2) parcel 17-31-22-12-0051;
- (3) parcel 17-31-22-12-0053;
- (4) parcel 17-31-22-12-0059;
- (5) parcel 17-31-22-12-0060;
- (6) parcel 17-31-22-12-0063;
- (7) parcel 17-31-22-13-0049;
- (8) parcel 17-31-22-13-0053;
- (9) parcel 17-31-22-13-0054;
- (10) parcel 17-31-22-13-0055;
- (11) parcel 17-31-22-13-0056;
- (12) parcel 17-31-22-13-0057;
- (13) parcel 17-31-22-24-0062;
- (14) parcel 17-31-22-24-0063; and
- (15) parcel 17-31-22-24-0064.

EFFECTIVE DATE. This section is effective the day after the governing bodies of Anoka County and the Lino Lakes Economic Development Authority and their chief clerical officers timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Carlton County may sell the tax-forfeited lands bordering public water that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in Carlton County and are described as:

(1) Government Lot 1, Section 6, Township 49 North, Range 18 West (parcel ID number 92-010-0900);

(2) Government Lot 3, Section 6, Township 49 North, Range 18 West (parcel ID number 92-010-0960);

(3) the Northeast Quarter of the Northwest Quarter or Government Lot 3, Section 31, Township 49 North, Range 18 West (parcel ID number 92-034-5790);

(4) that part of the Northeast Quarter of the Southwest Quarter, Section 3, Township 48 North, Range 21 West, described as: commencing at the northwest corner of the Northeast Quarter of the Southwest Quarter; thence South 800 feet; thence East 150 feet; thence North 800 feet; thence West 150 feet to the point of beginning, subject to Highway 210 easement, Section 3, Township 48 North, Range 21 West (parcel ID number 29-140-0240); and

(5) Lots 1 to 4, Block 1, Tamarack Acres, Section 10, Township 48 North, Range 21 West (parcel ID numbers 57-230-0020, 57-230-0040, 57-230-0060, and 57-230-0080).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 8. FOND DU LAC RESERVATION LANDS; CARLTON COUNTY.

(a) If a parcel of land subject to sale under Minnesota Statutes, sections 282.01 to 282.13, includes land within the Fond du Lac Indian Reservation, the Carlton County auditor shall first offer the land to the Fond du Lac band of Lake Superior Chippewa for sale at the appraised value. The cost of any survey or appraisal must be added to and made a part of the appraised value. To determine whether the band wants to buy the land, the Carlton County auditor shall give written notice to the band. If the band wants to buy the land, the band shall submit a written offer to the Carlton County auditor within two weeks after receiving the notice. If the offer is for at least the appraised value, the Carlton County auditor shall accept it.

(b) The following parcels are exempt from the requirements of paragraph (a):

(1) Government Lot 4, Section 5, Township 49 North, Range 18 West (parcel ID number 92-010-0790);

(2) the Northwest Quarter of the Southwest Quarter or Government Lot 11, Section 5, Township 49 North, Range 18 West (parcel ID number 92-010-0830); and

(3) the Southeast Quarter of the Southwest Quarter, Section 4, Township 49 North, Range 18 West (parcel ID number 92-010-0670).

EFFECTIVE DATE. This section is effective the day after the governing body of Carlton County and its chief clerical officer timely comply with Minnesota Statutes, section 645.021.

Sec. 9. SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; CASS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Cass County may sell the tax-forfeited land bordering public waters that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Cass County and is described as: Lot 3, Block 1, Jack Pine Shores in Section 28, Township 140 North, Range 31 West (Parcel ID No. 16-470-0130).

(d) The county has determined that the county's land management interests would be best served if the land was returned to private ownership.

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

Sec. 10. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; CROW WING COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, and the public sale provisions of Minnesota Statutes, chapter 282, Crow Wing County may sell by private sale to the adjoining landowner the tax-forfeited lands bordering public waters that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are in Crow Wing County and are described as:

(1) parcel ID No. 060354202B00009;

(2) parcel ID No. 060354303A00009;

(3) parcel ID No. 060354304CA0009; and

(4) parcel ID No. 1010300100AA009.

(d) The county has determined that the county's land management interests would be best served if the lands were returned to private ownership.

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

Sec. 11. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; CROW WING COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Crow Wing County may sell the tax-forfeited land bordering public waters that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Crow Wing County and is described as: parcel ID No. 840063205I00009.

(d) The county has determined that the county's land management interests would be best served if the land was returned to private ownership.

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

Sec. 12. PUBLIC OR PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; CROW WING COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by public or private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Crow Wing County and is described as:

(1) that part of Government Lot 1 of Section 12, Township 44 North, Range 28 West, lying and being south of that certain stream or creek running from Borden Lake into Mille Lacs Lake; subject to the right-of-way of existing highway, excepting therefrom that part of said parcel lying easterly of said existing highway;

(2) that portion of Government Lots 2 and 3 of Section 12, Township 44 North, Range 28 West, which lies between a line parallel to and 700 feet distant northwesterly from the following described line:

From a point on the east line of said Section 12, distant 1,385.9 feet South of the northeast corner thereof, run southwesterly at an angle of 36 degrees 10 minutes with said east section line for a distance of 244 feet; thence deflect to the left at an angle of 2 degrees 27 minutes for a distance of 1,522.8 feet; thence deflect to the left at an angle of 16 degrees 19 minutes for a distance of 550 feet to the point of beginning of line to be described; thence continue southwesterly along the last above-described course for a distance of 35.7 feet; thence deflect to the right on a 3 degree 00 minute curve, delta angle 17 degrees 10 minutes for a distance of 572.2 feet; thence on tangent to said curve for a distance of 907.1 feet and there terminating. Subject to the easement on that portion taken by the Department of Highways, State of Minnesota, for highway purposes; and

(3) that portion of Government Lots 2 and 3 of Section 12, Township 44 North, Range 28 West, which lies between two lines parallel with and distant 700 feet and 775 feet northwesterly of the following described line:

From a point on the east line of said Section 12, distant 1,385.9 feet South of the northeast corner thereof, run southwesterly at an angle of 36 degrees 10 minutes with said east section line for a distance of 244 feet; thence deflect to the left at an angle of 2 degrees 27 minutes

for a distance of 1,522.8 feet; thence deflect to the left at an angle of 16 degrees 19 minutes for a distance of 550 feet to the point of beginning of line to be described; thence continue southwesterly along the last above-described course for a distance of 35.7 feet; thence deflect to the right on a 3 degree 00 minute curve, delta angle 17 degrees 10 minutes for a distance of 572.2 feet; thence on tangent to said curve for a distance of 907.1 feet and there terminating.

Containing 24.7 acres, more or less.

(d) The land borders the Garrison Creek diversion channel that drains into Mille Lacs Lake. The Department of Natural Resources has determined that the land is no longer needed for fisheries production and that the state's land management interests would best be served if the land were sold. The strip of land east of Highway 169 and bordering Mille Lacs Lake will be retained for natural resources purposes.

Sec. 13. PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; DAKOTA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to a local unit of government for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Dakota County and is described as: all that part of Government Lot One, Section 25, Township 114 North, Range 21 West of the 5th Principal Meridian and Sullivan's First Addition to Marion Heights as surveyed and platted by J. E. Hill, September 23, 1910, and on file with the Register of Deeds Office, Dakota County, Minnesota, bounded by the following described lines: beginning on the north quarter line of said section, 433.0 feet South of the north quarter corner thereof; thence North 57 degrees 00 minutes East, 291.2 feet; thence North 63 degrees 05 minutes East, 404.9 feet; thence South 78 degrees 30 minutes East, 329.9 feet; thence South 73 degrees 50 minutes East, 227.3 feet; thence South 24 degrees 54 minutes West, 193.3 feet; thence South 08 degrees 57 minutes West, 134.0 feet; thence South 09 degrees 25 minutes East, 161.1 feet; thence North 89 degrees 30 minutes West, 292.9 feet; thence North 50 degrees 13 minutes West, 209.8 feet; thence North 87 degrees 31 minutes West, 87.5 feet; thence South 45 degrees 35 minutes West, 189.6 feet; thence South 83 degrees 11 minutes West, 261.7 feet; thence North 68 degrees 06 minutes West, 146.8 feet to the north quarter line of said Section 25; thence North 00 degrees 32 minutes East, 222.3 feet along the north quarter line of said section to the point of beginning. Including all riparian rights to the contained 11.21 acres more or less and subject to existing road easements.

(d) The land borders Marion Lake, with a portion of the land flooded due to control of lake elevation. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to a local unit of government for inclusion in a city park.

Sec. 14. PRIVATE SALE OF SURPLUS STATE LAND; DAKOTA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to a local unit of government for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Dakota County and is described as: Block 9, Lots 6, 7, and 8; Block 10, Lots 4, 5, 6, 7, and 8; Block 11, Lots 5, 6, 7, 8, 9, 14, 15, 16, 17, 18, 19, and 27; Block 12, Lots 1, 2, and 3; Block 13, Lots 1, 2, 3, 4, 10, 11, 12, and 14; Block 15, Lots 14, 15, 16, and 17; Block 18, Lots 1, 2, 3, 4, 5, 6, and 7; Block 7, Lots 5 and 10, all lying in Lyndale Lakes Club Second Addition, Section 11, Township 114, Range 21, containing approximately 4.4 acres, more or less.

(d) The Department of Natural Resources has determined that the land is not needed for natural resources purposes and that the state's land management interests would best be served if the land were conveyed to a local unit of government for public use.

Sec. 15. EXCHANGE OF STATE LAND WITHIN RICHARD J. DORER MEMORIAL HARDWOOD STATE FOREST; FILLMORE COUNTY.

(a) Notwithstanding the riparian restrictions in Minnesota Statutes, section 94.342, subdivision 3, the commissioner of natural resources may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the remaining provisions of Minnesota Statutes, sections 94.342 to 94.347, exchange the land described in paragraph (b).

(b) The state land that may be exchanged is located in Fillmore County and is described as:

(1) that part of the Southeast Quarter of the Southeast Quarter of Section 12, Township 104 North, Range 11 West, lying southerly of the Root River; and

(2) that part of the Southwest Quarter of the Southwest Quarter of Section 7, Township 104 North, Range 10 West, lying southerly of the Root River. Containing a total of 21.3 acres, more or less.

(c) The state land borders the Root River, but there is no land access to the state land. The land to be acquired in the exchange will improve access to adjacent state forest lands.

Sec. 16. SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; FREEBORN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Freeborn County may sell the tax-forfeited land bordering public waters that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Freeborn County and is described as: Parcel ID No. 25.040.0040 in Section 34, Township 104 North, Range 23 West.

(d) The county has determined that the county's land management interests would be best served if the land was returned to private ownership.

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

Sec. 17. SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; ITASCA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Itasca County may sell the tax-forfeited land bordering public waters that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Itasca County and is described as: the East Half of Lot 2, Section 23, Township 60 North, Range 27 West (property number 38.123.1301).

(d) The county has determined that the county's land management interests would be best served if the land was returned to private ownership.

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

Sec. 18. PRIVATE SALE OF TAX-FORFEITED LAND; ITASCA COUNTY.

(a) Notwithstanding the public sale and the timber value appraisal provisions of Minnesota Statutes, chapter 282, Itasca County may sell by private sale to the adjoining landowner the tax-forfeited lands that were reserved in a previous tax-forfeited land sale and that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282. Notwithstanding Minnesota Statutes, section 282.01, subdivision 3, paragraph (b), the land may be sold for the appraised value without an appraisal of the timber value.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The lands to be sold are lands reserved from previous tax-forfeited land sales that are within 50 feet of the centerline of any legal highway or any legal roadway with public use.

(d) The county has determined that the county's land management interests would be best served if the lands were returned to private ownership. The lands to be sold have not been treated as separate parcels and have been taxed as private land since they were reserved from sale.

Sec. 19. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ITASCA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Itasca County may sell by private sale the undivided partial interest to the owner of the remaining interest the tax-forfeited land that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Itasca County and is described as: an undivided 1/128 interest in Government Lot 3, in Section 23, Township 56, Range 24.

(d) The county has determined that the county's land management interests would be best served if the partial interest was returned to private ownership.

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

Sec. 20. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; KOOCHICHING COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Koochiching County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. Prior to the sale, the commissioner of revenue shall grant a permanent conservation easement according to Minnesota Statutes, section 282.37. The easement shall be 75 feet in width lying easterly to the centerline of the stream, to provide riparian protection and angler access.

(c) The land to be sold is located in Koochiching County and is described as:

Beginning at the southeast corner of the Southeast Quarter of the Southwest Quarter, Section 3, Township 154 North, Range 25 West; thence about ten rods to the bank of Billy Creek; thence, in a northeasterly direction along Billy Creek to a point where Billy Creek intersects the east line of the Southeast Quarter of the Southwest Quarter, Section 3, Township 154 North, Range 25 West; thence South 35 rods to the point of beginning (approximately 2.5 acres). Also known as part of the Southeast Quarter of the Southwest Quarter lying east of Billy Creek, Section 3, Township 154 North, Range 25 West (approximately 2.5 acres).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 21. PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; LAC QUI PARLE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to a local unit of government for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Lac Qui Parle County and is described as: that part of the Southwest Quarter of the Northeast Quarter of Section 30, Township 118, Range 42, described as follows: commencing at the southeast corner of the Northeast Quarter of said Section 30; thence on an assumed bearing of South 89 degrees 52 minutes 06 seconds West, along the south line of said Northeast Quarter, a distance of 1,323.46 feet to the point of beginning of the land to be described; thence continue South 89 degrees 52 minutes 06 seconds West, along said south line, a distance of 627.00 feet (38 rods); thence North 35 degrees 12 minutes 45 seconds West, a distance of 346.50

feet; thence North 05 degrees 00 minutes 14 seconds East, a distance of 239.25 feet; thence North 14 degrees 01 minutes 33 seconds East, a distance of 198.00 feet; thence North 88 degrees 11 minutes 39 seconds East, a distance of 34 feet, to the centerline of the Lac Qui Parle River; thence northeasterly and southeasterly, along the centerline of said river to intersect a line that bears North 00 degrees 48 minutes 00 seconds West from the point of beginning; thence South 00 degrees 48 minutes 00 seconds East, a distance of 762 feet, to the point of beginning. Containing a total of 15.66 acres, more or less.

(d) The land borders the Lac Qui Parle River. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to a local unit of government for inclusion in a county park.

Sec. 22. PRIVATE SALE OF TAX-FORFEITED LAND; LAKE COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Lake County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Lake County and is described as:

(1) an 1/2 undivided interest in the Southeast Quarter of the Southeast Quarter, Section 19, Township 63 North, Range 11 West; and

(2) the West 330 feet of the Southwest Quarter of the Northeast Quarter, Section 4, Township 57 North, Range 7 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 23. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; LAKE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Lake County may sell the tax-forfeited lands bordering public water that are described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in Lake County and are described as:

(1) part of the Southwest Quarter of the Southeast Quarter, Section 2, Township 58 North, Range 6 West;

(2) the Northwest Quarter of the Southwest Quarter, Section 5, Township 63 North, Range 9 West; and

(3) the Northeast Quarter of the Southwest Quarter, Section 5, Township 63 North, Range 9 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 24. PUBLIC OR PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; LAKE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Lake County may sell by public or private sale the tax-forfeited lands bordering public water that are described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. If land described under paragraph (c) is sold by private sale, the land may be sold for less than the appraised value if the conveyance provides that the land reverts to the state if the land is not used as a data center or for another economic development purpose approved by the county. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37, for the lands described in paragraph (c). The easements shall serve to provide riparian protection and access for anglers and for future restoration work. The easement for the land described in paragraph (c), clause (1), shall be lying easterly of the centerline of the Little West Branch Knife River and lying 75 feet in width westerly of the centerline of the river. The easements for the lands described in paragraph (c), clauses (2) and (3), shall be lying 75 feet in width on each side of the centerline of the unnamed creek and a 33-foot strip across the easement is allowed for road access and utilities at a location agreed upon by the county and the state.

(c) The lands to be sold are located in Lake County and are described as:

(1) the Northwest Quarter of the Northeast Quarter, Section 6, Township 52 North, Range 11 West;

(2) the Northeast Quarter of the Northwest Quarter, Section 6, Township 52 North, Range 11 West; and

(3) the Northwest Quarter of the Northwest Quarter, Section 6, Township 52 North, Range 11 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership for economic development.

Sec. 25. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited lands bordering public water that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements, according to Minnesota Statutes, section 282.37, for the lands described in paragraph (c), clauses (3), (4), and (5). The easements shall serve to provide riparian protection and access for anglers and for future restoration

work. The easements for the lands described in paragraph (c), clauses (3) and (4), shall be 75 feet in width, lying southerly of the centerline of the stream. The easement for the land described in paragraph (c), clause (5), shall be 75 feet in width, lying northerly of the centerline of the stream.

(c) The lands to be sold are located in St. Louis County and are described as:

(1) Lots 377 through 399, odd-numbered lots, Lower Duluth Minnesota Avenue, Section 12, Township 49 North, Range 14 West (parcel 010-3110-01950);

(2) part of Lot 2 beginning at the northwest corner; thence southerly 628.4 feet; thence southeasterly at an angle of 102 degrees 17 minutes, 693 feet; thence southerly at an angle of 90 degrees, 12 feet to the point of beginning; thence northerly 112 feet; thence easterly 300 feet to the shore of Stone Lake; thence southwesterly along the lakeshore to the point of beginning, except that part north of the road, Section 27, Township 55 North, Range 12 West (parcel 230-0010-04549);

(3) Lot 440, Homecroft Park, Town of Rice Lake, Section 34, Township 51 North, Range 14 West (parcel 520-0130-00460);

(4) Lot 493, Homecroft Park, Town of Rice Lake, Section 34, Township 51 North, Range 14 West (parcel 520-0130-01020); and

(5) Lot 533, Homecroft Park, Town of Rice Lake, Section 34, Township 51 North, Range 14 West (parcel 520-0130-01430).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 26. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited lands bordering public water that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements, according to Minnesota Statutes, section 282.37, for the lands described in paragraph (c), clauses (8) to (13). The easements shall serve to provide riparian protection and access for anglers and for future restoration work. The easement for the land described in paragraph (c), clause (8), shall lie southerly of the centerline of the stream and 75 feet in width lying northerly of the centerline of the stream. The easements for the lands described in paragraph (c), clauses (10) and (13), shall be 75 feet in width, lying northerly of the centerline of the stream. The easement for the land described in paragraph (c), clause (9), shall be 150 feet in width, lying 75 feet on each side of the centerline of the stream. The easement for the lands described in paragraph (c), clauses (11) and (12), shall be 75 feet in width, lying southerly of the centerline of the stream.

(c) The lands to be sold are located in St. Louis County and are described as:

(1) Lots 32 through 44, even-numbered lots, Upper Duluth St. Louis Avenue, Section 35, Township 50 North, Range 14 West (parcel 010-4400-01330);

(2) Lot 4, Block 2, Rearrangement of Part of Stony Brook Park, Section 13, Township 58 North, Range 18 West (parcel 175-0062-00090);

(3) the Southwest Quarter of the Southeast Quarter, Section 19, Township 52 North, Range 18 West (parcel 205-0010-03430);

(4) Lots 1 and 2, Michaels Beach, Town of Ellsburg, Section 6, Township 55 North, Range 17 West (parcel 320-0100-00010);

(5) Lots 1 to 12, Block 6; Lots 1 to 7 and 15 to 24, Block 7; and Block 12, Ellsburg, Section 18, Township 55 North, Range 16 West;

(6) Lots 1 to 24, Block 8; Lots 1 to 6 and 17 to 24, Block 9; and Block 10, Ellsburg, Section 18, Township 55 North, Range 16 West;

(7) part of Lot 18, lying North of the intersection of the easterly right-of-way of the county road and the west line of the river and South of a line beginning on the easterly road right-of-way 450 feet northerly of said intersection; thence easterly to a point on the westerly line of the river 450 feet northerly of said intersection, McDavitt, Section 19, Township 56 North, Range 18 West (parcel 435-0010-03392);

(8) the northerly 435.6 feet of the Northeast Quarter of the Northeast Quarter, except the westerly 400 feet, Section 12, Township 51 North, Range 14 West (parcel 520-0012-00555);

(9) the North Half of the North Half of the Southwest Quarter of the Northwest Quarter, Section 15, Township 51 North, Range 14 West (parcel 520-0012-01460);

(10) Lots 477 to 479, Homecroft Park, Town of Rice Lake, Section 34, Township 51 North, Range 14 West (parcel 520-0130-00840);

(11) Lot 534, Homecroft Park, Town of Rice Lake, Section 34, Township 51 North, Range 14 West (parcel 520-0130-01440);

(12) Lot 543, Homecroft Park, Town of Rice Lake, Section 34, Township 51 North, Range 14 West (parcel 520-0130-01530);

(13) Lot 544, Homecroft Park, Town of Rice Lake, Section 34, Township 51 North, Range 14 West (parcel 520-0130-01540); and

(14) the easterly 330 feet of the westerly 660 feet of the northerly 265 feet of the Southeast Quarter of the Southwest Quarter and the easterly 330 feet of the westerly 660 feet of the southerly 395 feet of the Northeast Quarter of the Southwest Quarter, Section 34, Township 57 North, Range 15 West (parcel 570-0012-04792).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 27. PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited land described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The lands to be sold are located in St. Louis County and are described as:

(1) part of Lot 37, Block 4, except the Southwest Half and except the East 7.5 feet, Grant Park Division of Duluth, Section 30, Township 50 North, Range 14 West (parcel 010-1960-00670);

(2) beginning 1,088.74 feet North of an iron monument marking the east side of Vermilion Road 455.34 feet East of the southwest corner of Section 10 and extending easterly 231.49 feet; thence southerly 100.46 feet; thence westerly 238.82 feet to the east side of Vermilion Road; thence northerly 100 feet to the point of beginning, also called Lot 2, Block 3, private plat, Aurora Lands In The City, Section 10, Township 58 North, Range 15 West (parcel 100-0080-00980); and

(3) the Southwest Quarter of the Southeast Quarter, Section 24, Township 65 North, Range 20 West, except:

(i) the railroad right-of-way, 2.90 acres;

(ii) two acres for the state highway;

(iii) that part northeasterly of the highway;

(iv) that part of the North 400 feet lying westerly of the highway;

(v) the South 320 feet of the North 720 feet; and

(vi) that part lying South of the North 1,020 feet (parcel 425-0040-04030).

(d) The county has determined that the county's land management interest would best be served if the lands were returned to private ownership.

Sec. 28. CONVEYANCE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; STEVENS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 94.09 to 94.16, the commissioner of natural resources shall convey to a local unit of government the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner shall convey the land described in paragraph (c) to a local unit of government for no consideration, but the conveyance must provide that the land described in paragraph (c) be open to public use and reverts to the state if the land is used for anything other than land that is open to public use at no charge. The conveyance must include the reservation of a road easement for ingress and egress through the property to the adjoining water access site.

(c) The land to be conveyed is located in Stevens County and is described as: that part of Government Lot 8, Section 30, Township 126 North, Range 41 West, lying between the water's edge of Pomme De Terre Lake and the following described line: beginning at a point on the south line of Government Lot 8, 2,546 feet East and 1,333.3 feet North of the southwest corner of Section 30; thence westerly along the south line of said Government Lot 8, Township 126 North, Range 41 West, a distance of 362.1 feet; thence North 12 degrees West, a distance of 522 feet; thence South 89 degrees 30 minutes East, a distance of 200 feet to Pomme De Terre Lake, and

there terminating, including all riparian rights appurtenant thereto. Excepting therefrom the North 190.00 feet. Containing 2.09 acres more or less.

(d) The legislature has determined that the state's land management interests are best served if the land is conveyed to a local unit of government.

Sec. 29. EXCHANGE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; WINONA COUNTY.

(a) Notwithstanding the riparian restrictions in Minnesota Statutes, section 94.342, subdivision 3, Winona County may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the remaining provisions of Minnesota Statutes, sections 94.342 to 94.347, exchange the land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be exchanged is located in Winona County and is described as: Lot 5, Section 16, Township 107 North, Range 9 West, containing ten acres, more or less.

(d) The county has determined that the county's land management interests would best be served if the land was exchanged for a private parcel."

Delete the title and insert:

"A bill for an act relating to state lands; modifying landowners' bill of rights; modifying land acquisition account; adding to and deleting from state parks and forests; authorizing certain exchanges and sales of state lands; conveyance of certain tax-forfeited lands; amending Minnesota Statutes 2012, sections 84.0274, subdivision 6; 94.165."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was re-referred

S.F. No. 314: A bill for an act relating to insurance; providing coverage for autism spectrum disorders; proposing coding for new law in Minnesota Statutes, chapter 62A.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[62A.3094] COVERAGE FOR AUTISM SPECTRUM DISORDERS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in paragraphs (b) and (c) have the meanings given.

(b) "Autism spectrum disorders" means the conditions as determined by criteria set forth in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association.

(c) "Medically necessary care" means health care services appropriate, in terms of type, frequency, level, setting, and duration, to the enrollee's condition, and diagnostic testing and preventative services. Medically necessary care must be consistent with generally accepted practice

parameters as determined by physicians and licensed psychologists who typically manage patients who have autism spectrum disorders.

Subd. 2. **Coverage required.** (a) A health plan must provide coverage for the diagnosis, evaluation, assessment, and medically necessary care of autism spectrum disorders, including but not limited to the following:

(1) intensive behavior therapy, including but not limited to applied behavior analysis, intensive early intervention behavior therapy, intensive behavior intervention, and Lovaas therapy;

(2) neuro-developmental and behavioral health treatments and management;

(3) speech therapy;

(4) occupational therapy;

(5) physical therapy; and

(6) medications.

(b) Coverage required under this section shall include treatment that is in accordance with an individualized treatment plan prescribed by the enrollee's treating physician.

(c) A health carrier may not refuse to renew or reissue, or otherwise terminate or restrict, coverage of an individual solely because the individual is diagnosed with an autism spectrum disorder.

(d) A health carrier may request an updated treatment plan only once every six months, unless the health carrier and the treating physician agree that a more frequent review is necessary due to emerging circumstances.

Subd. 3. **No effect on other law.** Nothing in this section limits in any way the coverage required under section 62Q.47.

Subd. 4. **State health care programs.** This section does not affect benefits available under the medical assistance and MinnesotaCare programs and does not limit, restrict, or otherwise reduce coverage under these programs.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to coverage offered; issued; sold; renewed; or continued as defined in Minnesota Statutes, section 60A.02, subdivision 2a; on or after that date."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 726: A bill for an act relating to waters; modifying authority of Board of Water and Soil Resources; modifying local levy authority; modifying disposition of certain funds; modifying soil loss ordinance provisions; amending Minnesota Statutes 2012, sections 103B.101, by adding a subdivision; 103B.335; 103B.3369, subdivision 5; 103C.501, subdivision 4; 103F.405, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 15, insert:

"Sec. 2. Minnesota Statutes 2012, section 103B.102, subdivision 3, is amended to read:

Subd. 3. **Evaluation and report.** The Board of Water and Soil Resources shall evaluate performance, financial, and activity information for each local water management entity. The board shall evaluate the entities' progress in accomplishing their adopted plans on a regular basis as determined by the board based on budget and operations of the local water management entity, but not less than once every ~~five~~ ten years. The board shall maintain a summary of local water management entity performance on the board's Web site. Beginning February 1, 2008, and annually thereafter, the board shall provide an analysis of local water management entity performance to the chairs of the house of representatives and senate committees having jurisdiction over environment and natural resources policy."

Reorder the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 1260: A bill for an act relating to water; requiring priority to be given to projects that use wastewater; amending Minnesota Statutes 2012, section 116.182, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **WASTEWATER TREATMENT PROJECT PRIORITY RULES.**

In the next revision to Minnesota Rules, chapter 7077, under the authority granted in Minnesota Statutes, section 116.182, the Pollution Control Agency shall amend the rules on wastewater treatment projects on the project priority list to provide additional priority to projects proposing the reuse of treated wastewater."

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 695: A bill for an act relating to energy; regulating conservation improvement investments for low-income programs; amending Minnesota Statutes 2012, section 216B.241, subdivision 7.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 1082: A bill for an act relating to judicial selection; proposing an amendment to the Minnesota Constitution, article VI, sections 7 and 8; establishing retention elections for judges; creating a judicial performance evaluation commission; appropriating money; amending Minnesota Statutes 2012, sections 10A.01, subdivisions 7, 10, 15; 10A.14, subdivision 1; 10A.20, subdivision 2; 204B.06, subdivision 6; 204B.11, by adding a subdivision; 204B.34, subdivision 3; 204B.36,

subdivision 4; 480B.01, subdivisions 1, 10; proposing coding for new law in Minnesota Statutes, chapters 204D; 480B; 490A; repealing Minnesota Statutes 2012, sections 204B.36, subdivision 5; 204D.14, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, lines 6 and 12, delete "merit" and insert "judicial"

Page 2, line 10, delete everything after "to"

Page 2, line 11, delete everything before "that" and insert "provide"

Page 6, line 1, before the first "or" insert "does not file a timely affidavit of candidacy for election to continue in office,"

Page 6, line 5, delete "Merit" and insert "Judicial"

Page 6, lines 10, 11, and 13, delete "merit" and insert "judicial"

Page 6, after line 19, insert:

"Sec. 13. Minnesota Statutes 2012, section 480B.01, subdivision 11, is amended to read:

Subd. 11. **Nominees to governor.** Within 60 days after the receipt of a notice of a judicial vacancy, the ~~committee~~ commission shall ~~recommend~~ submit to the governor no fewer than three and no more than five nominees for each judicial vacancy. The names of the nominees must be made public. The governor ~~may~~ shall fill the vacancy from the nominees recommended by the commission. ~~If the governor declines to select a nominee to fill the vacancy from the list of nominees, or if no list is submitted to the governor under this subdivision, the governor may select a person to fill the vacancy without regard to the commission's recommendation. If fewer than 60 days remain in the term of office of a governor who will not succeed to another term, the governor may fill a vacancy without waiting for the commission to recommend a list of nominees."~~

Page 6, delete section 14

Page 8, line 27, delete everything after the period

Page 8, delete lines 28 and 29

Page 11, line 1, delete everything after the period

Page 11, delete lines 2 and 3

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 661: A bill for an act relating to campaign finance; providing for additional disclosure; making various changes to campaign finance and public disclosure law; expanding jurisdiction of Campaign Finance and Public Disclosure Board; expanding definition of public official; amending Minnesota Statutes 2012, sections 10A.01, subdivisions 10, 11, 27, 28, 35, by adding subdivisions;

10A.02, subdivisions 9, 10, 11, 12; 10A.025, subdivisions 2, 3, 4; 10A.04, subdivision 5; 10A.105, subdivision 1; 10A.12, subdivisions 1, 1a, 2; 10A.121; 10A.14, subdivision 1, by adding a subdivision; 10A.15, subdivisions 1, 2, 3; 10A.16; 10A.20, subdivisions 1, 2, 3, 4, 5, 6, 7, 12, by adding a subdivision; 10A.241; 10A.242, subdivision 1; 10A.25, subdivisions 2, 2a, 3, 3a; 10A.257, subdivision 1; 10A.27, subdivisions 1, 9, 10, 11, 13, 14, 15; 10A.273, subdivisions 1, 4; 10A.30; 10A.31, subdivisions 1, 4, 7; 10A.315; 10A.321, subdivision 1; 10A.322, subdivision 4; 10A.323; 10A.324, subdivision 1; 211B.32, subdivision 1; 211B.37; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 2012, sections 10A.24; 10A.242; 10A.25, subdivision 6.

Reports the same back with the recommendation that the bill be amended as follows:

Page 5, line 6, after "actions" insert "or negotiate settlements"

Page 5, line 12, after "association" insert "whose money was misused"

Page 5, line 19, delete "distributed" and insert "deposited in a campaign finance recovery account in the special revenue fund and are appropriated"

Page 5, line 21, delete "must" and insert "is appropriated to the board for its operations;"

Page 5, delete line 22

Page 5, line 24, delete everything after "General" and insert "in the recovery matter, calculated on the same basis as is used for charging legal fees to state agencies, is appropriated to the Office of the Attorney General for its operations; and"

Page 5, delete line 25

Page 5, line 26, delete "must be returned" and insert "is appropriated to the board for distribution"

Page 5, line 32, delete "deposited into" and insert "transferred to"

Page 7, after line 12, insert:

"Sec. 14. Minnesota Statutes 2012, section 10A.02, subdivision 15, is amended to read:

Subd. 15. **Disposition of fees.** The board must deposit all fees and civil penalties collected under this chapter into the general fund in the state treasury."

Page 8, line 11, delete "gross"

Page 17, delete lines 11 to 16

Page 17, line 17, delete "(c)" and insert "(b)"

Page 18, line 24, delete "(d)" and insert "(c)"

Page 18, line 28, delete "(e)" and insert "(d)"

Page 29, line 25, strike the colon and insert "separately prorate the total independent expenditures and ballot question expenditures made during the calendar year over all general treasury money received during the calendar year."

Page 29, strike lines 26 to 30

Page 29, line 31, delete "(d)" and strike the old language

Page 29, strike line 32

Page 29, line 33, delete "(c)" and strike the old language

Page 29, strike lines 34 and 35

Page 30, strike lines 1 to 3

Page 30, after line 3, insert:

"(d) If the amount contributed to independent expenditure and ballot question political committees or funds in a calendar year exceeds the amount of general treasury money received by the association during that year:

(1) the contributions must be attributed first to all receipts of general treasury money received during the calendar year in which the contributions were made;

(2) any amount of current-year contributions that exceeds the total of all receipts of general treasury money during the current calendar year must be prorated over all general treasury money received in the preceding calendar year; and

(3) if the allocation made in clauses (1) and (2) is insufficient to cover the subject contributions, no further allocation is required."

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 1423: A bill for an act relating to public safety; modifying certain provisions regarding domestic abuse; amending Minnesota Statutes 2012, sections 518B.01, subdivision 14, by adding a subdivision; 609.2242, subdivision 2; 609.748, subdivision 6; 629.75, subdivision 2, by adding a subdivision; 634.20.

Reports the same back with the recommendation that the bill be amended as follows:

Page 7, line 18, strike "abuse" and insert "conduct"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 614: A bill for an act relating to public safety; creating increased penalties for wildlife arson that damages multiple dwellings, acreage, or crops; adding restitution provisions; amending Minnesota Statutes 2012, section 609.5641, subdivisions 1, 3, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 16, delete "and (c)" and insert ", (c), and (d)"

Page 1, line 20, after "five" insert "buildings or"

Page 2, line 2, after "100" insert "buildings or"

Page 2, after line 4, insert:

"(d) A person who violates subdivision 1 where the fire causes another person to suffer demonstrable bodily harm may be sentenced to imprisonment for not more than ten years or to payment of a fine of \$15,000, or both."

Page 2, line 5, delete "(d)" and insert "(e)" and before "dwelling" insert "building or"

Page 2, line 6, before "dwelling" insert "building or"

Amend the title as follows:

Page 1, line 2, delete "wildlife" and insert "wildfire"

Page 1, line 3, after "multiple" insert "buildings or" and after "crops" insert ", or causes demonstrable bodily harm"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 934: A bill for an act relating to commerce; regulating motor vehicles; amending regulation of scrap metal processing; requiring proof of ownership or hold period for vehicles purchased for scrap; creating criminal penalties; amending Minnesota Statutes 2012, sections 168.27, subdivision 23; 168A.01, by adding a subdivision; 168A.153; 325E.21, subdivisions 1, 1a, 4, 8; proposing coding for new law in Minnesota Statutes, chapter 168A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 34, after "county" insert "or city"

Page 6, line 7, strike "seized" and insert "confiscated"

Page 6, line 9, strike "seize" and insert "confiscate"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 693: A bill for an act relating to civil actions; providing for the survival or continuation of an action after the death or disability of a party; proposing coding for new law in Minnesota Statutes, chapter 540; repealing Minnesota Statutes 2012, section 573.01.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [540.115] ACTION CONTINUES WHERE CAUSE OF ACTION SURVIVES.

A pending action does not abate by the death or other disability of a party or by the transfer of any interest therein if the cause of action survives or continues.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to causes of action commenced on or after that date.

Sec. 2. [540.116] CAUSES OF ACTION SURVIVING DEATH OF PARTY; BROUGHT BY OR AGAINST LEGAL REPRESENTATIVE.

Any pending injury or noninjury cause of action survives the death of a party to the action. The personal representatives of the deceased may be substituted as plaintiff and prosecute the suit to final judgment and satisfaction. A cause of action for death by wrongful act or omission is governed by section 573.02. Nothing in this chapter or chapter 573 shall be construed as precluding the personal representative or successors in interest of the deceased party from pursuing a wrongful death action for all damages sustained before death pursuant to section 573.02 and other causes of action arising from the same occurrence.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to causes of action commenced on or after that date.

Sec. 3. REPEALER.

Minnesota Statutes 2012, section 573.01, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to causes of action commenced on or after that date."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 443: A bill for an act relating to state government; providing additional whistleblower protection to state employees; amending Minnesota Statutes 2012, section 181.932, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2012, section 181.931, is amended by adding a subdivision to read:

Subd. 4. **Good faith.** "Good faith" means conduct that does not violate section 181.932, subdivision 3.

Sec. 2. Minnesota Statutes 2012, section 181.931, is amended by adding a subdivision to read:

Subd. 5. **Penalize.** "Penalize" means conduct that might dissuade a reasonable employee from making or supporting a report, including post-termination conduct by an employer or conduct by an employer for the benefit of a third party.

Sec. 3. Minnesota Statutes 2012, section 181.931, is amended by adding a subdivision to read:

Subd. 6. **Report.** "Report" means a verbal, written, or electronic communication by an employee about an actual, suspected, or planned violation of a statute, regulation, or common law, whether committed by an employer or a third party."

Page 1, delete line 11 and insert "a violation ~~or~~ suspected violation, or planned violation of any federal or state law or common law or rule adopted pursuant to"

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 1450: A bill for an act relating to family law; child support; allowing a public authority to discontinue child support services in certain situations; amending Minnesota Statutes 2012, section 518A.60.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, delete lines 12 to 29 and insert:

"(f) If there is no longer a current support order because all of the children of the order are emancipated, the public authority may discontinue child support services and close its case under title IV-D of the Social Security Act, if:

(1) the arrearage is under \$500; or

(2) the arrearage is considered unenforceable by the public authority because there have been no collections for three years, and all administrative and legal remedies have been attempted or are determined by the public authority to be ineffective because the obligor is unable to pay, the obligor has no known income or assets, and there is no reasonable prospect that the obligor will be able to pay in the foreseeable future.

(g) At least 60 calendar days before the discontinuation of services under paragraph (f), the public authority must mail a written notice to the obligee and obligor at the obligee's and obligor's last known addresses that the public authority intends to close the child support enforcement case and explaining each party's rights. Seven calendar days after the first notice is mailed, the public authority must mail a second notice under this paragraph to the obligee.

(h) The case must be kept open if the obligee responds before case closure and provides information that could reasonably lead to collection of arrears. If the case is closed, the obligee may later request that the case be reopened by completing a new application for services, if there is a change in circumstances that could reasonably lead to the collection of arrears."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 901: A bill for an act relating to energy; cogeneration and small power production; modifying provisions governing net metered systems and aggregation of meters; prohibiting limits on cumulative generation; authorizing rulemaking; establishing a solar electricity standard; clarifying the repayment period for the energy improvements program; amending Minnesota Statutes 2012, sections 216B.02, subdivision 4; 216B.164, subdivisions 3, 4, 6, by adding subdivisions; 216C.436, subdivisions 7, 8; proposing coding for new law in Minnesota Statutes, chapter 216B; repealing Minnesota Statutes 2012, section 216B.164, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**STATE ENERGY POLICY****Section 1. [3.8852] PLANNING STRATEGY FOR SUSTAINABLE ENERGY FUTURE.**

(a) The Legislative Energy Commission, in consultation with the Division of Energy Resources and the Environmental Quality Board shall develop a framework for the state of Minnesota to transition to a renewable energy economy that ends Minnesota's contribution to greenhouse gases from burning fossil fuels over the next few decades. The energy commission framework and strategy must aim to make Minnesota the first state in the nation to use only renewable energy. The framework must be consistent with the goal of reducing carbon dioxide emissions by 80 percent by the year 2050 in section 216H.02.

(b) In developing a framework for this transition, the Legislative Energy Commission shall consult with stakeholders, including but not limited to cooperative, municipal, and investor-owned utilities, stakeholders in transportation, agriculture, forestry, waste management, renewable energy and renewable fuels, energy efficiency and conservation, natural resources and environmental advocates, labor, and industry; technical and scientific experts, and other Minnesotans to examine the challenges and opportunities involved, and develop a strategy and timeline to protect the environment and create jobs. The timeline shall establish goals and strategies that prepare for the steps beyond the renewable energy standards already established. The Environmental Quality Board shall provide guidance to economic sectors including transportation, agriculture, forestry, water and waste management, and the overall economy. The Division of Energy Resources shall provide technical support.

(c) The Legislative Energy Commission and its stakeholders must consider the following in creating the framework:

(1) the early impacts of climate change that are beginning to illustrate the significant impacts that the growing concentration of greenhouse gases will have on Minnesotans' lives, economy, and the environment. The almost three-fold increase in homeowner insurance premiums in a decade due to more severe weather events, along with record flooding in northeastern and southeastern Minnesota, severe drought, extreme heat events, and descriptions of Hurricane Sandy as "the new norm" provide hints of the trends that will affect future generations. The commission and stakeholders must consider the economic and environmental costs of continued global reliance on fossil fuels;

(2) while all states and countries will need to move to a sustainable energy system to prevent a climate catastrophe, by planning and developing a thoughtful cost-effective strategy to make this transition efficiently, Minnesota can provide leadership. By leading the way, Minnesota will create jobs and industry in the state while states that follow will be turning to Minnesota industries for the products and services to help them make a similar transition;

(3) the Minnesota economy currently loses about \$13 billion per year to other states and nations to import fossil fuels. Energy efficiency and renewable energy expenditures reduce that huge drain on the economy and recycle those dollars in Minnesota jobs and businesses; and

(4) the challenge of moving to a completely sustainable energy economy will be great and will take many years. To fully integrate solar, wind, and other renewable energy sources, Minnesota will need to develop new technologies, whether hydrogen, battery, or other means of energy storage

in order to ensure our renewable energy sources reliably meet electricity demand. The Division of Energy Resources, the Environmental Quality Board, and other stakeholders shall monitor new storage and renewable generation technologies, as well as energy efficiency and conservation options. The state strategy and timeline shall be modified as needed to take advantage of each new development to move the state forward in ending fossil fuel use in power generation, heating and cooling, industry, and transportation.

(d) The Legislative Energy Commission shall report to relevant legislative committees by January 15, 2014 and annually thereafter, on progress towards these goals.

ARTICLE 2

DISTRIBUTED GENERATION; SOLAR STANDARD

Section 1. Minnesota Statutes 2012, section 216B.02, subdivision 4, is amended to read:

Subd. 4. **Public utility.** "Public utility" means persons, corporations, or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured, or mixed gas or electric service to or for the public or engaged in the production and retail sale thereof but does not include (1) a municipality or a cooperative electric association, organized under the provisions of chapter 308A, producing or furnishing natural, manufactured, or mixed gas or electric service; (2) a retail seller of compressed natural gas used as a vehicular fuel which purchases the gas from a public utility; or (3) a retail seller of electricity used to recharge a battery that powers an electric vehicle, as defined in section 169.011, subdivision 26a, and that is not otherwise a public utility under this chapter. Except as otherwise provided, the provisions of this chapter shall not be applicable to any sale of natural, manufactured, or mixed gas or electricity by a public utility to another public utility for resale. In addition, the provisions of this chapter shall not apply to a public utility whose total natural gas business consists of supplying natural, manufactured, or mixed gas to not more than 650 customers within a city pursuant to a franchise granted by the city, provided a resolution of the city council requesting exemption from regulation is filed with the commission. The city council may rescind the resolution requesting exemption at any time, and, upon the filing of the rescinding resolution with the commission, the provisions of this chapter shall apply to the public utility. No person shall be deemed to be a public utility if it furnishes its services only to tenants or cooperative or condominium owners in buildings owned, leased, or operated by such person. No person shall be deemed to be a public utility if it furnishes service to occupants of a manufactured home or trailer park owned, leased, or operated by such person. No person shall be deemed to be a public utility if it produces or furnishes service to less than 25 persons. No person shall be deemed to be a public utility solely as a result of the person furnishing consumers with electricity or heat generated from solar generating equipment located on the consumer's property, provided the equipment is owned or operated by an entity other than the consumer.

Sec. 2. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 2a. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them:

(b) "Aggregated meter" means a meter located on the premises of a customer's owned or leased property that is contiguous with property containing the customer's designated meter.

(c) "Capacity" means the number of megawatts AC (alternative current) at the point of interconnection between a distributed generation facility and a utility's electric system.

(d) "Cogeneration" means a combined process whereby electrical and useful thermal energy are produced simultaneously.

(e) "Contiguous property" means property owned or leased by the customer sharing a common border, without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or utility rights-of-way.

(f) "Customer" means the person who is named on the utility electric bill for the premises.

(g) "Designated meter" means a meter that is physically attached to the customer's facility that the customer-generator designates as the first meter to which net metered credits are to be applied as the primary meter for billing purposes when the customer is serviced by more than one meter.

(h) "Distributed generation" means a facility that:

(1) has a capacity of ten megawatts or less;

(2) is interconnected with a utility's distribution system, over which the commission has jurisdiction; and

(3) generates electricity from natural gas, renewable fuel, or a similarly clean fuel, and may include waste heat, cogeneration, or fuel cell technology.

(i) "High-efficiency, distributed generation" means a distributed energy facility that has a minimum efficiency of 40 percent, as calculated under section 272.0211.

(j) "Net metered facility" means an electric generation facility with the purpose of offsetting energy use through the use of renewable energy or high-efficiency distributed generation sources.

(k) "Renewable energy" has the meaning given in section 216B.2411, subdivision 2.

Sec. 3. Minnesota Statutes 2012, section 216B.164, subdivision 3, is amended to read:

Subd. 3. **Purchases; small facilities.** (a) For a qualifying facility having less than ~~40-kilowatt~~ 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having: (i) ~~more than 40-kilowatt but less than 40-kilowatt~~ 1,000-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (b) ~~or (c)~~; or (ii) less than 40-kilowatt capacity, compensation to the customer shall be at a per-kilowatt rate determined under paragraph (c). Compensation for net input into the utility system shall be applied as a credit to the customer's energy bill, carried forward and applied to subsequent energy bills for a period of up to 12 months. If any credit remains after the 12-month period, the value of the remaining credit must be paid to the customer within 15 days of the next billing date. The customer may choose the month in which the 12-month billing and credit period begins.

(b) In setting rates, the commission shall consider the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge and shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility. The commission shall set the rates for net input into the utility system based on avoided costs

as defined in the Code of Federal Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of Federal Regulations, title 18, section 292.304, and all other relevant factors.

(c) Notwithstanding any provision in this chapter to the contrary, a qualifying facility that began generating electricity before January 1, 2015, having less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.

(d) If the qualifying facility or net metered facility is interconnected with a nongenerating utility which has a sole source contract with a municipal power agency or a generation and transmission utility, the nongenerating utility may elect to treat its purchase of any net input under this subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier for any additional costs incurred in making the purchase. Qualifying facilities or net metered facilities having less than 40-kilowatt 1,000-kilowatt capacity may, at the customer's option, elect to be governed by the provisions of subdivision 4.

Sec. 4. Minnesota Statutes 2012, section 216B.164, subdivision 4, is amended to read:

Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having ~~40-kilowatt~~ 1,000-kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 and net metered systems under subdivision 4a which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.

(c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Sec. 5. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 4a. **Net metered facility.** Notwithstanding any provision of this chapter to the contrary, a customer with a net metered facility having less than 1,000-kilowatt capacity may elect to be compensated for the customer's net input into the utility system in the form of a kilowatt-hour credit on the customer's energy bill carried forward and applied to subsequent energy bills. Any net input

supplied by the customer into the utility system that exceeds energy supplied to the customer by the utility during a 12-month period must be compensated at the utility's avoided cost rate under subdivision 3, paragraph (b), or subdivision 4, paragraph (b), as applicable. The customer may choose the month in which the annual billing period begins.

Sec. 6. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 4b. **Aggregation of meters.** (a) For the purpose of measuring electricity under subdivisions 3 and 4a, a utility must aggregate for billing purposes a customer's designated meter with one or more aggregated meters if a customer requests that it do so.

(b) A utility must comply with a request by a customer-generator to aggregate additional meters within 60 days. The specific meters must be identified at the time of the request. In the event that more than one meter is identified, the customer must designate the rank order for the aggregated meters to which the net metered credits are to be applied. At least 60 days prior to the beginning of the next annual billing period, a customer may amend the rank order of the aggregated meters, subject to this subdivision.

(c) The aggregation of meters applies only to charges that use kilowatt-hours as the billing determinant. All other charges applicable to each meter account shall be billed to the customer.

(d) The utility will first apply the kilowatt-hour credit to the charges for the designated meter and then to the charges for the aggregated meters in the rank order specified by the customer. If the net metered facility supplies more electricity to the utility than the energy usage recorded by the customer-generator's designated and aggregated meters during a monthly billing period, the utility shall apply credits to the customer's next monthly bill for the excess kilowatt-hours.

(e) With the commission's prior approval, a utility may charge the customer-generator requesting to aggregate meters a reasonable fee to cover the administrative costs incurred in implementing the costs of this subdivision, pursuant to a tariff approved by the commission for a public utility or governing body for a municipal electric utility or electric cooperative.

Sec. 7. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 4c. **Limiting cumulative generation prohibited.** The commission and any other governing body regulating public utilities, municipal electric utilities, or electric cooperatives are prohibited from limiting the cumulative generation of net metered facilities under subdivision 4a and qualifying facilities under subdivision 3 to less than five percent of a utility or cooperative's average annual retail electricity sales over the previous three calendar years. Prior to interconnecting a net metered facility that would result in cumulative net metered facility generation in excess of five percent, a public utility, municipal electric utility, or electric cooperative's obligation to offer net metering to a new customer-generator may be limited by the commission or governing body if it determines doing so is in the public interest. The commission may limit net metering obligations under this subdivision only after providing notice and opportunity for public comment. The governing body of a municipal electric utility or electric cooperative may limit net metering obligations under this subdivision only after providing the affected municipal electric utility or electric cooperative's customers with notice and opportunity to comment. When determining whether limiting net metering obligations under this subdivision is in the public interest, the commission or governing body shall consider:

(1) the environmental and other public policy benefits of net metered systems;

(2) the impact of net metered systems on the electricity costs for customers without net metered systems;

(3) the effects of net metering on the reliability of the electric system;

(4) technical advances or technical concerns; and

(5) other statutory obligations imposed on the commission or a utility.

The commission or governing body may limit net metering obligations under clauses (2) to (4) only if it finds implementation would cause significant rate impact, require significant measures to address reliability, or raise significant technical issues.

Sec. 8. Minnesota Statutes 2012, section 216B.164, subdivision 6, is amended to read:

Subd. 6. **Rules and uniform contract.** (a) The commission shall promulgate rules to implement the provisions of this section. The commission shall also establish a uniform statewide form of contract for use between utilities and a net metered or qualifying facility having less than 40-kilowatt 1,000-kilowatt capacity.

(b) The commission shall require the qualifying facility to provide the utility with reasonable access to the premises and equipment of the qualifying facility if the particular configuration of the qualifying facility precludes disconnection or testing of the qualifying facility from the utility side of the interconnection with the utility remaining responsible for its personnel.

(c) The uniform statewide form of contract shall be applied to all new and existing interconnections established between a utility and a net metered or qualifying facility having less than 40-kilowatt capacity, except that existing contracts may remain in force until written notice of election that the uniform statewide contract form applies is given by either party to the other, with the notice being of the shortest time period permitted under the existing contract for termination of the existing contract by either party, but not less than ten nor longer than 30 days terminated by mutual agreement between both parties.

(d) An electric utility may not apply a standby charge to a net metered facility.

Sec. 9. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 10. **Alternative tariff; compensation for resource value.** (a) An electric utility may apply for commission approval, or a cooperative electric association or municipal electric utility may apply for approval from its governing body, for an alternative tariff that compensates customers through a bill credit mechanism for the value to the utility, its customers, and society for operating distributed solar photovoltaic resources interconnected to the utility system and operated by customers primarily for meeting their own energy needs.

(b) If approved, the alternative tariff shall apply to customers' interconnections occurring after the date of approval. The alternative tariff is in lieu of the small facility rate or net metering for distributed solar resources under subdivisions 3 and 4a.

(c) The commission or governing body may after notice and opportunity for public comment approve the alternative tariff provided the utility has demonstrated the alternative tariff:

(1) appropriately applies a methodology established by the department under this subdivision;

(2) includes a mechanism to allow recovery of the cost to serve customers operating distributed solar systems;

(3) charges the customer for all electricity consumed by the customer at the applicable rate schedule for sales to that class of customer;

(4) credits the customer for all electricity generated by the solar photovoltaic device at the value-based credit rate established under this subdivision;

(5) applies the charges and credits in clauses (3) and (4) to a monthly bill that includes a provision so that the unused portion of the credit in any month or billing period shall be carried forward and credited against all charges. In the event that the customer has a positive balance after the 12-month cycle ending on the last day in February, that balance will be eliminated and the credit cycle will restart the following billing period beginning on March 1;

(6) complies with the size limits specified in subdivision 4a;

(7) complies with the interconnection requirements under section 216B.1611; and

(8) is not subject to standby or network charges.

(d) A utility must provide to the customer the meter and any other equipment needed to provide service under the alternative tariff.

(e) In no case shall the commission or governing body approve an alternative tariff rate where the value-based credit rate under paragraph (c), clause (4), is lower than the applicable retail rate schedule of the subject utility.

(f) The department must establish the distributed solar value methodology in paragraph (c), clause (1), no later than January 31, 2014. When developing the distributed solar value methodology, the department shall consult stakeholders with experience and expertise in power systems, solar energy, and electric utility ratemaking regarding the proposed methodology, underlying assumptions, and preliminary data.

(g) The distributed solar value methodology established by the department must, at a minimum, account for the value of energy and its delivery, generation capacity, transmission capacity, transmission and distribution line losses, and environmental value. The department may, based on known and measurable evidence of the cost or benefit of solar operation, incorporate other values into the methodology, including credit for locally manufactured or assembled energy systems, systems installed at high-value locations on the distribution grid, or other factors.

(h) The credit for distributed solar value applied to alternative tariffs approved under this section shall represent the present value of the future revenue streams of the value components identified in paragraph (g).

(i) The utility shall recalculate the alternative tariff on an annual cycle, and shall file the recalculated alternative tariff with the commission or governing body for approval.

(j) Renewable energy credits for solar energy credited under this subdivision belong to the electric utility providing the credit.

Sec. 10. [216B.2427] SOLAR ELECTRICITY STANDARD.

Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Electric utility" has the meaning given in section 216B.1691, subdivision 1, paragraph (b).

(c) "Total retail electric sales" has the meaning given in section 216B.1691, subdivision 1, paragraph (c).

Subd. 2. Solar electricity standard. (a) Except as otherwise provided in paragraph (b), each electric utility shall generate or procure solar electric generation capacity for its retail customers in Minnesota or the retail customers of a distribution utility to which the electric utility provides wholesale electric services. At a minimum, the following percentages of the electric utility's total retail sales to retail customers in Minnesota must be generated by solar energy by the end of the year indicated:

(1) 2016: 0.25 percent;

(2) 2020: 1.0 percent; and

(3) 2025: 2.0 percent.

(b) A public utility must meet the requirements of this paragraph. An electric utility subject to this paragraph must generate or procure solar electric generation capacity for its retail customers in Minnesota or the retail customers of a distribution utility to which the electric utility provides wholesale electric service. At a minimum, the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota must be generated by solar energy by the end of the year indicated:

(1) 2016: 0.5 percent;

(2) 2020: 2.0 percent; and

(3) 2025: 4.0 percent.

(c) An electric utility may not use energy used to satisfy the solar energy standard under this section to satisfy its standard obligation under section 216B.1691, nor may energy used to satisfy the standard under section 216B.1691 be used to satisfy the standard under this section.

Subd. 3. Use of integrated resource planning process. Except if inconsistent with this section, the commission may modify or delay implementation of a standard obligation in the same manner as in section 26B.1691, subdivision 2b, as a part of an integrated resource planning proceeding under section 216B.2422, or in other proceedings before the commission. The order to delay or modify shall not be considered advisory with respect to any electric utility. This subdivision shall not be construed to limit the commission's authority to modify or delay implementation of a standard obligation in other proceedings before it.

Subd. 4. Utility plans filed with commission. Each electric utility shall report to the commission on its plans, activities, and progress demonstrating the efforts made towards complying with this section. The report shall be included in its filings under section 216B.2422 or in a separate report submitted to the commission every two years, whichever is more frequent. In its resource plan or separate report, each electric utility shall provide a description of:

- (1) the status of the utility's solar energy mix relative to the standards;
- (2) efforts taken to meet the standards;
- (3) any obstacles encountered or anticipated in meeting the standards;
- (4) potential solutions to the identified obstacles; and
- (5) an estimation of the rate impact related to measures taken by the electric utility necessary to comply with this section. The rate impact estimate must be for wholesale rates and, if the electric utility makes retail sales, an estimate shall also be completed for the impact on the electric utility's retail rates. An estimation of rate impacts must also account for acquisition of energy capacity, distribution, and transmission upgrades avoided as a result of the standards.

Subd. 5. **Renewable energy credits.** In lieu of generating or procuring energy directly to satisfy the solar electricity standard of this section, an electric utility may use renewable energy credits that originate from a solar electricity generator to satisfy the standard. In doing so, an electric utility must follow protocols established by the commission under section 216B.1691, subdivision 4 for registering, tracking, and retiring credits.

Subd. 6. **Compliance; penalties.** (a) The commission must regularly investigate whether an electric utility is in compliance with its standard obligation under subdivision 2.

(b) If the commission finds noncompliance, it may order the electric utility to construct solar energy facilities, purchase solar energy, purchase renewable energy credits generated by solar energy, or engage in other activities to achieve compliance. If an electric utility fails to comply with an order under this subdivision, the commission may impose a financial penalty on the electric utility in an amount not to exceed the estimated cost of the electric utility to achieve compliance. The penalty may not exceed the lesser of the cost of constructing facilities or purchasing renewable energy credits necessary for the electric utility to achieve compliance. The commission must deposit financial penalties imposed under this subdivision in the energy and conservation account established in the special revenue fund under section 216B.241, subdivision 2a.

(c) Nothing in this subdivision shall be construed to limit any other authority the commission possesses to enforce this section.

ARTICLE 3

SOLAR ENERGY PRODUCTION INCENTIVE

Section 1. [216C.411] SOLAR ACCOUNT DEPOSIT AND PRODUCTION INCENTIVE.

Subdivision 1. **Deposit.** Each public utility, cooperative electric association, and municipal utility shall create an account to pay incentives for electricity generated by solar photovoltaic devices as specified in this section. A utility or association shall each year deposit one percent of the utility's or association's gross annual retail electric sales during the preceding calendar year. Each utility and association must report annually by August 1 to the Division of Energy Resources, Department of Commerce, on the amount deposited in the account in the previous year and the solar photovoltaic energy incented in the previous year.

Subd. 2. **Incentive payment.** (a) Incentive payments must, if sufficient funds are in the account and only to the extent of those funds, be made under this section only to an owner of a solar photovoltaic device who is a customer of the utility or association, who has:

(1) submitted to the utility or association on a form prescribed by it, an application to receive the incentive; and

(2) received from the utility or association in writing a determination that the solar photovoltaic device qualifies for the incentive.

(b) A solar photovoltaic device with a capacity in excess of two megawatts is ineligible to receive incentive payments under this section.

(c) A utility or association that owns a solar photovoltaic device is not eligible for an incentive.

Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this section only for electricity generated from a solar photovoltaic device that first begins generating electricity after January 1, 2014.

(b) Payment of the incentive begins and runs consecutively from the date the solar photovoltaic device begins generating electricity.

(c) The owner of a solar photovoltaic device may receive payments under this section for a device for a period of 20 years. No payment may be made under this section for electricity generated after December 31, 2049.

Subd. 4. **Amount of payment.** (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The per-kilowatt-hour amount of the payment is at a level determined by the commissioner. The commissioner shall set the rate at a level the commissioner determines necessary to incent solar photovoltaic device installation at the lowest incentive rate consistent with maximum installation of devices considering available account resources to pay the incentive.

(b) By January 1, 2015, and every January 1 thereafter through 2049, the commissioner shall make a determination as to whether the incentive needs to be adjusted. In making the determination, the commissioner shall solicit comments and recommendations from utilities, associations, ratepayers, and other interested parties. After considering the comments and recommendations, the commissioner may adjust the incentive rate.

EFFECTIVE DATE. This section is effective January 1, 2014.

ARTICLE 4

COMMUNITY SOLAR GENERATING FACILITY

Section 1. **[216B.1641] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 216B.1641 to 216B.1644, the following definitions have the meanings given.

Subd. 2. **Community solar generating facility.** "Community solar generating facility" means a facility:

(1) that generates electricity by means of a solar photovoltaic device that has a capacity of less than two megawatts;

(2) that is interconnected with a utility's distribution system under the jurisdiction of the commission;

(3) that is located in the electric service area of the utility with which it is interconnected;

(4) whose subscribers purchase, under long-term contract with the community solar generating facility, the right to consume the electricity generated from a specified portion of the facility's generating capacity;

(5) that is not owned by a utility; and

(6) that has at least two subscribers.

Subd. 3. **Facility manager.** "Facility manager" means an entity that manages a community solar generating facility for the benefit of subscribers and may, in addition, develop, construct, own, or operate the community solar generating facility. A facility manager may not be a utility, but may be:

(1) a person whose sole purpose is to beneficially own and operate a community solar generating facility;

(2) a Minnesota nonprofit corporation organized under chapter 317A;

(3) a Minnesota cooperative association organized under chapter 308A or 308B;

(4) a Minnesota political subdivision or local government, including, but not limited to, a county, statutory or home rule charter city, town, school district, public or private higher education institution, or any other local or regional governmental organization such as a board, commission, or association; or

(5) a tribal council.

Subd. 4. **Renewable energy credit.** "Renewable energy credit" has the meaning given in section 216B.1691, subdivision 1, paragraph (d).

Subd. 5. **Solar photovoltaic device.** "Solar photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

Subd. 6. **Subscriber.** "Subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar generating facility interconnected with that utility. A facility manager may be a subscriber.

Subd. 7. **Subscription.** "Subscription" means a contract between a subscriber and a community solar generating facility that has a term of no less than 20 years and that provides to the subscriber a portion of the generation of the community solar generating facility and a corresponding proportion of the electricity generated by the community solar generating facility.

Subd. 8. **Utility.** "Utility" means a utility subject to section 216B.164.

Sec. 2. **[216B.1642] SUBSCRIPTIONS.**

Subdivision 1. **Presale of subscriptions.** A community solar generating facility may not commence construction of the facility until contracts have been executed for subscriptions, excluding the subscription of the facility manager, that represent 80 percent of the proposed nameplate capacity of the community solar generating facility.

Subd. 2. **Size.** (a) A subscription must be a portion of the community solar generating facility's nameplate capacity sized so as to produce no more than 120 percent of the annual average amount of electricity consumed over the previous three years at the site where the subscriber's meter is located.

If the site is newly constructed, the subscription must be sized based on 120 percent of the average annual amount of electricity consumed by a facility of similar size and type in the utility's service area, as determined by the facility manager.

(b) A subscriber may not own one or more subscriptions whose total capacity exceeds the maximum capacity allowed for a qualifying facility subject to section 216B.164, subdivision 3.

(c) A facility manager may not own subscriptions whose total capacity exceeds the maximum subscription size allowed under paragraph (a) plus ten percent of the remaining available nameplate capacity in the community solar generating facility, subject to the limit in paragraph (b).

(d) The maximum subscription size for a subscriber consuming electricity generated from an eligible energy technology, as defined in section 216B.1691, subdivision 1, at any time during the term of the subscriber's subscription, is the maximum subscription size allowed under paragraph (a) minus the nameplate capacity of the eligible energy technology device providing electricity to the subscriber, subject to the limit in paragraph (b).

Subd. 3. **Certification.** Prior to the sale of a subscription, a facility manager must provide certification to the subscriber signed by the facility manager under penalty of perjury:

(1) identifying the rate of insolation at the community solar generating facility;

(2) certifying that the solar photovoltaic devices employed by the community solar generating facility to generate electricity have an electrical energy degradation rate of no more than 0.5 percent annually; and

(3) certifying that the community solar generating facility is in full compliance with all applicable federal and state utility, securities, and tax laws.

Subd. 4. **On-site subscriber.** A subscriber who owns the property on which a community solar generating facility is located has no more rights with respect to subscription size or price than any other subscriber.

Subd. 5. **Subscription prices.** The price for a subscription to a community solar generating facility is not subject to regulation by the commission and is negotiated between the prospective subscriber and the facility manager.

Subd. 6. **Subscription transfer.** A subscriber that terminates the contract between the subscriber and the community solar generating facility must transfer the subscription to a person eligible to be a subscriber or to the facility manager at a price negotiated by both parties.

Subd. 7. **New subscribers.** Within 30 days of the execution of a contract between the community solar generating facility and a new subscriber, the facility manager shall submit the following information to the utility serving the community solar generating facility:

(1) the new subscriber's name, address, number of meters, and utility customer account; and

(2) the share of the community solar generating facility's nameplate capacity owned by the new subscriber.

Subd. 8. **Meter change.** A subscriber that moves to a different property served by the community solar generating facility from the property at which the subscriber resided at the time the contract between the subscriber and the community solar generating facility was executed, or that changes

the number of meters attached to the subscriber's account, must notify the facility manager within 30 days of the change.

Subd. 9. **Disputes.** The dispute resolution provisions available under section 216B.164 shall be used to resolve disputes between a facility manager and the utility serving the community solar generating facility.

Sec. 3. [216B.1643] DISPOSITION OF ELECTRICITY GENERATED.

Subdivision 1. **Allocation.** (a) The total amount of electricity available for allocation to all subscribers of a community solar generating facility shall be determined by a production meter installed by the utility.

(b) The total amount of electricity available to a subscriber shall be the total amount of electricity available for allocation to all subscribers of a community solar generating facility prorated by a subscriber's subscription size in relation to the nameplate capacity of the community solar generating facility.

(c) A subscriber may not resell electricity governed by the subscriber's contract with a community solar generating facility.

(d) All electricity generated by a community solar generating facility that is not consumed by subscribers must be sold to the utility interconnected with the community solar generating facility.

Subd. 2. **Utility purchases.** The utility to which the community solar generating facility is interconnected shall purchase all electricity generated by the community solar generating facility that is not consumed by subscribers. The price paid to the community solar generating facility by the utility is governed by section 216B.164, or any law that governs the price a utility must pay to purchase electricity from a solar photovoltaic device.

Subd. 3. **Interconnection.** The commission shall establish uniform fees for the interconnection of a community solar generating facility with a utility.

Subd. 4. **Nonutility status.** Notwithstanding section 216B.02, a community solar generating facility is not a public utility.

Sec. 4. [216B.1644] BILLING.

Subdivision 1. **Billing procedure.** A subscriber to a community solar generating facility must be:

(1) charged by the utility interconnected with the community solar generating facility the utility's applicable rate schedule for sales to that class of customer for all electricity consumed by the subscriber;

(2) paid by the utility the maximum rate allowable under section 216B.164, or any other law that may govern the price a utility must pay to purchase electricity from a solar photovoltaic device, for a portion of all electricity the utility purchases from the community solar generating facility that is equal to the ratio of the subscriber's subscription to the nameplate capacity of the community solar generating facility;

(3) provided by the utility with a monthly bill that contains, in addition to the amounts in clauses (1) and (2), the net amount owed to the utility or net credit realized by the owner for that month and on a year-to-date basis; and

(4) provided by the utility with a meter that allows for the separate calculation of the amount of electricity consumed and generated at the property.

Subd. 2. **Billing system.** The Department of Commerce shall, by January 1, 2014, establish a uniform administrative system to credit the utility accounts of subscribers to a community solar generating facility. In determining the uniform administrative system, the commission shall solicit comments and recommendations from utilities, ratepayers, and other interested parties, and shall review commercially available administrative systems and administrative systems used in jurisdictions where entities similar to community solar generating facilities are operating.

Subd. 3. **Commission proceeding; rate adjustment.** By September 1, 2014, the commission shall initiate a proceeding to examine whether the rate paid by a utility to purchase energy from a community solar generating facility under section 216B.1643, subdivision 2, should be adjusted to reflect the actual fixed costs incurred by a utility to provide service to a community solar generating facility.

ARTICLE 5

MADE IN MINNESOTA INCENTIVE

Section 1. [216C.411] DEFINITIONS.

For the purposes of sections 216C.411 to 216C.415, the following terms have the meanings given.

(a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) by manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

A solar photovoltaic module that is manufactured by attaching microinverters, direct current optimizers, or other power electronics to a laminate or solar photovoltaic module that has received UL 1703 certification marks outside Minnesota from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency is not "Made in Minnesota" under this paragraph.

(b) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

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

Sec. 2. [216C.412] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE ACCOUNT.

Subdivision 1. Account established; account management. A "Made in Minnesota" solar energy production incentive account is established as a separate account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds remaining in the account at the end of a fiscal year do not cancel to the general fund but remain in the account. The commissioner shall manage the account. There is annually appropriated from the account to the commissioner money sufficient to make the payments required by section 216C.415 and to administer sections 216C.412 to 216C.415. The commissioner shall manage payments from the account and may adjust incentive payment amounts otherwise required under section 216C.415 so that funds are available in the account to make payments, adjusted or otherwise, until the time payments cease under section 216C.415.

Subd. 2. Purpose. The purpose of the account is to pay the "Made in Minnesota" solar renewable energy production incentive to owners of solar photovoltaic modules that have received a "Made in Minnesota" certificate from the commissioner under section 216C.413.

Subd. 3. Allocations; deposit. (a) Beginning January 1, 2014, and each January 1 thereafter, through 2024, each public utility, cooperative electric association, and municipal utility subject to section 216B.241 must annually pay to the commissioner five percent of the amount it was required to spend in the previous year, based on its sale of electricity, on energy conservation improvements under section 216B.241, subdivisions 1a and 1b. The commissioner shall, upon receipt of the funds, deposit them in the account established in subdivision 1.

(b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), beginning January 1, 2014, and continuing each January 1 until 2024, the utility that manages the account under section 116C.779 must annually pay from that account to the commissioner an amount that, when added to the amount paid to the commissioner under paragraph (a), totals \$15,000,000 for the purposes of this section. The commissioner shall, upon receipt of the funds, deposit them in the account established in subdivision 1.

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

Sec. 3. [216C.413] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; QUALIFICATION.

Subdivision 1. Application. A manufacturer of solar photovoltaic modules seeking to qualify those modules as eligible to receive the "Made in Minnesota" solar energy production incentive must submit an application to the commissioner on a form prescribed by the commissioner. The application must contain:

(1) a technical description of the solar photovoltaic module and the processes used to manufacture it, excluding proprietary details;

(2) documentation that the solar photovoltaic module meets all the required applicable parts of the "Made in Minnesota" definition in section 216C.411, including evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to qualify as "Made in Minnesota";

(3) documentation, including, but not limited to, purchase orders, invoices, and shipping documents, establishing:

(i) the origin of components used to manufacture the solar photovoltaic modules;

(ii) the costs of raw materials, direct manufacturing labor in Minnesota, and overhead to manufacture the solar photovoltaic module; and

(iii) the total costs of manufacturing the solar photovoltaic module, expressed in dollars per watts-peak governed by Standard Test Conditions under UL 1703;

(4) any additional information requested by the commissioner of commerce; and

(5) certification signed by the chief executive officer of the manufacturing company attesting to the truthfulness of the contents of the application and supporting materials under penalty of perjury.

Subd. 2. **Plant inspection.** After reviewing the application materials submitted under subdivision 1, the commissioner, or the commissioner's designee, shall physically inspect the manufacturer's Minnesota plant to verify that the manufacturing processes meet the requirements of subdivision 1. The commissioner shall contract with an independent technical advisor with expertise in the manufacture of solar photovoltaic modules to accompany the commissioner, or the commissioner's designee, on the inspection. The commissioner may assess a fee on the manufacturer that is equal to the costs billed by the contractor for the contractor's services with respect to the inspection, including review of the application and the writing of a postinspection report.

Subd. 3. **Certification.** If the commissioner determines that a manufacturer's solar photovoltaic module meets the definition of "Made in Minnesota" in section 216C.411, the commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing the name and model numbers of the certified solar photovoltaic modules and the date of certification. A copy of the certificate must be provided to each purchaser of the solar photovoltaic module.

Subd. 4. **Reinspection.** The commissioner may reinspect the manufacturing facility of a manufacturer who has received certification under subdivision 3 at any time, but must do so at least every two years.

Subd. 5. **Notice of change; certification review.** A manufacturer that has received a "Made in Minnesota" certificate under subdivision 3 must notify the commissioner of commerce at least 60 days in advance of any changes in the components used in production, manufacturing processes, or any other changes that could affect the manufacturer's solar photovoltaic modules' certification as "Made in Minnesota," and must submit to the commissioner detailed information describing and documenting the changes. The commissioner shall, after reviewing the submitted material and, if necessary, conducting a reinspection of the manufacturer's manufacturing facility, determine whether the proposed changes warrant revoking the manufacturer's "Made in Minnesota" certification. Within ten days of making a determination under this subdivision, the commissioner shall inform the manufacturer of the determination in writing.

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

Sec. 4. [216C.414] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; CALCULATION.

Subdivision 1. **Components.** (a) By October 1, 2013, the Department of Commerce shall calculate a "Made in Minnesota" solar energy production incentive for the purpose of the incentive payments under section 216C.415 for each solar photovoltaic module that has received certification under section 216C.413 as being manufactured in Minnesota. The "Made in Minnesota" solar energy production incentive is a performance-based financial incentive expressed as a per kilowatt-hour amount that, when added to the amount paid by a utility to the owner of a solar photovoltaic module under section 216B.164 or other rate approved by the commission, reduces the payback of the owner's investment in the solar photovoltaic modules to a period of ten years. The Department of Commerce shall calculate the "Made in Minnesota" solar energy production incentive by utilizing a financial model composed of the following components:

(1) an estimate of the installed cost per kilowatt-direct current, based on the cost data supplied by the manufacturer in the application submitted under section 216C.413, and an estimate of the average installation cost based on a representative sample of Minnesota solar photovoltaic projects installed by installers certified by the North American Board of Certified Energy Practitioners and the Minnesota Joint Apprenticeship Training Committee;

(2) the average insolation rate in Minnesota;

(3) an estimate of the decline in the generation efficiency of the solar photovoltaic modules over time;

(4) the rate paid by utilities to owners of solar photovoltaic modules under section 216B.164 or other law;

(5) applicable federal tax incentives for installing solar photovoltaic modules;

(6) the maximum amount of debt the project can support based on current commercial borrowing rates and a ten-year term; and

(7) the estimated levelized cost per kilowatt-hour generated.

(b) In determining the amount of the incentive, the commissioner shall consider, after consulting with Minnesota solar photovoltaic manufacturers, the degree to which solar photovoltaic modules contain components manufactured in Minnesota; the solar photovoltaic modules' estimated length of life, taking into account design, quality of materials used, and independent testing results; UL 1703 or equivalent fire safety ratings and additional integrated safety features; and the ability to use the solar photovoltaic modules in innovative applications, including for purposes other than solely electric generation.

(c) "Made in Minnesota" solar photovoltaic modules shall receive:

(1) 100 percent of the incentive calculated in paragraph (a) if they are manufactured under the process described in section 216C.411, paragraph (a), clause (3), item (i); or

(2) 65 percent of the incentive calculated in paragraph (a) if they are manufactured under the process described in section 216C.411, paragraph (a), clause (3), item (ii).

Subd. 2. **Notice; recalculation.** A manufacturer that has received a "Made in Minnesota" certificate under section 216C.413 must notify the commissioner at least 60 days in advance of

any changes in the parameters listed in subdivision 1 that may affect the calculation of the "Made in Minnesota" solar energy production incentive, and must submit to the commissioner detailed information describing and documenting the changes. The commissioner, after reviewing the submitted material, shall determine whether the changes warrant recalculation of the "Made in Minnesota" solar energy production incentive for the manufacturer's solar photovoltaic modules and, if so, shall conduct the recalculation. Within ten days of recalculating the incentive, the commissioner shall inform the manufacturer of the recalculation in writing. A recalculated incentive is effective 90 days after the first day of the first month following the date of notice of the recalculation.

Subd. 3. **Annual review.** Unless a review of the calculation of the "Made in Minnesota" solar energy production incentive has been conducted under subdivision 2 in a calendar year, the commissioner of commerce shall annually review the calculation of the "Made in Minnesota" solar energy production incentive for each manufacturer receiving the incentive. As part of the review, the commissioner of commerce may require the manufacturer to submit current information to support the calculation of the "Made in Minnesota" solar energy production incentive. A manufacturer shall submit the information requested by the commissioner in a timely fashion.

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

Sec. 5. **[216C.415] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; PAYMENT.**

Subdivision 1. **Incentive payment.** Incentive payments may be made under this section only to an owner of solar photovoltaic modules with a total nameplate capacity below 100 kilowatts who:

(1) has submitted to the commissioner, on a form established by the commissioner, an application to receive the incentive;

(2) has received from the commissioner a "Made in Minnesota" certificate under section 216C.413; and

(3) has installed on or adjacent to residential or commercial property solar photovoltaic modules that are generating electricity and has received a "Made in Minnesota" certificate under section 216C.413.

Subd. 2. **Eligibility window; payment duration.** (a) Payments may be made under this section only for electricity generated from solar photovoltaic modules that are operational and generating electricity from January 1, 2014, through December 31, 2034.

(b) Payment of the incentive begins and runs consecutively from the date the solar photovoltaic modules begin generating electricity.

(c) An owner of solar photovoltaic modules shall receive payments under this section for a period of ten years.

(d) No payment may be made under this section for electricity generated after December 31, 2034.

(e) No owner of solar photovoltaic modules may first begin to receive payments under this section after December 31, 2024.

Subd. 3. **Amount of payment.** (a) An incentive payment is based on the number of kilowatt-hours of electricity generated by the solar photovoltaic modules installed at a single property, except as provided in paragraph (b). The per-kilowatt amount of the payment is the "Made in Minnesota" solar energy production incentive for those modules determined by the commissioner of commerce under section 216C.414.

(b) The owner of solar photovoltaic modules eligible to receive incentives under this section and whose total nameplate capacity exceeds 40 kilowatts DC but is less than 100 kilowatts DC shall be paid an incentive according to the formula:

$I = (M) \times [(P \text{ kWh AC}) \div (C \text{ kW DC})] \times (40 \text{ kW DC})$, where:

(1) I equals the incentive paid to an owner of solar photovoltaic modules whose nameplate capacity exceeds 40 kilowatts DC, but is less than 100 kilowatts DC;

(2) M equals the "Made in Minnesota" solar energy production incentive calculated under section 216C.414;

(3) P equals the number of kilowatt-hours AC generated by the solar photovoltaic modules whose nameplate capacity exceeds 40 kilowatts DC, but is less than 100 kilowatts DC; and

(4) C equals the nameplate capacity of the solar photovoltaic modules whose nameplate capacity exceeds 40 kilowatts DC, but is less than 100 kilowatts DC.

(c) For purposes of this subdivision, (i) "AC" means alternating current; (ii) "DC" means direct current; (iii) "kWh" means kilowatt-hours; and (iv) "kW" means kilowatts.

Subd. 4. **Allocation of payments.** (a) Fifty percent of the funds deposited in the account established in section 216C.412 available each year to pay incentives shall be for owners of eligible solar photovoltaic modules installed on residential property, and 50 percent shall be for owners of eligible solar photovoltaic modules installed on commercial property.

(b) The commissioner may not award more than 25 percent of the annual contribution made by the public utility that owns a nuclear generating plant in this state to the account established in section 216C.412 to owners of solar photovoltaic modules that are installed in buildings located outside the area where that public utility provides electric service in this state.

(c) The commissioner shall endeavor to geographically distribute incentives paid under this section to owners of solar photovoltaic modules installed throughout the state.

(d) For purposes of this subdivision:

(1) "residential property" means residential real estate that is occupied and used as a homestead by its owner or by a renter and includes "multifamily housing development" as defined in section 462C.02, subdivision 5, except that residential property on which solar photovoltaic modules (i) whose capacity exceeds 10 kilowatts is installed; or (ii) connected to a utility's distribution system and whose electricity is purchased by several residents, each of whom own a share of the electricity generated, shall be deemed commercial property; and

(2) "commercial property" means real property on which is located a business, government, or nonprofit establishment.

Subd. 5. **Limitation.** An owner receiving an incentive payment under this section may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.

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

Sec. 6. **VALUE OF ON-SITE ENERGY STORAGE STUDY.**

(a) The commissioner of commerce shall contract with an independent consultant selected through a request for proposal process to produce a report analyzing the potential costs and benefits of installing utility-managed energy storage modules in residential and commercial buildings in this state. The study must:

(1) estimate the potential value of on-site energy storage modules as a load-management tool to reduce costs for individual customers and for the utility, including, but not limited to, reductions in energy, particularly peaking, costs, and capacity costs;

(2) examine the interaction of energy storage modules with on-site solar photovoltaic modules; and

(3) analyze existing barriers to the installation of on-site energy storage modules by utilities, and examine strategies and design potential economic incentives, including using utility funds expended under Minnesota Statutes, section 216B.241, to overcome those barriers.

By January 1, 2014, the commissioner of commerce shall submit the study to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance.

(b) The commissioner of commerce shall assess an amount, not to exceed \$100,000, necessary under Minnesota Statutes, section 216B.241, subdivision 1e, for the purpose of completing the study described in this section.

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

Sec. 7. **VALUE OF SOLAR THERMAL STUDY.**

(a) The commissioner of commerce shall contract with an independent consultant selected through a request for proposal process to produce a report analyzing the potential costs and benefits of expanding the installation of solar thermal projects, as defined in Minnesota Statutes, section 216B.2411, subdivision 2, in residential and commercial buildings in this state. The study must examine the potential for solar thermal projects to reduce heating and cooling costs for individual customers and to reduce utilities' costs. The study must also analyze existing barriers to the installation of solar thermal projects by utilities, and examine strategies and design potential economic incentives, including using utility funds expended under Minnesota Statutes, section 216B.241, to overcome those barriers. By January 1, 2014, the commissioner of commerce shall submit the study to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance.

(b) The commissioner of commerce shall assess an amount, not to exceed \$100,000, necessary under Minnesota Statutes, section 216B.241, subdivision 1e, for the purpose of completing the study described in this section.

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

ARTICLE 6

TRANSMISSION COST RECOVERY

Section 1. Minnesota Statutes 2012, section 216B.16, subdivision 7b, is amended to read:

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or are certified as a priority project or deemed to be a priority transmission project under section 216B.2425; ~~and~~

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midwest Independent Transmission System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midwest Independent Transmission System Operator to benefit the utility, as provided for under a federally approved tariff or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midwest Independent Transmission System Operator to benefit the utility, as provided for under a federally approved tariff or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midwest Independent Transmission System Operator to benefit the utility or integrated transmission system;

(4) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

~~(4)~~ (5) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

~~(5)~~ (6) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

~~(6)~~ (7) allocates project costs appropriately between wholesale and retail customers;

~~(7)~~ (8) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

~~(8)~~ (9) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

ARTICLE 7

CERTS FUNDING

Section 1. Minnesota Statutes 2012, section 216B.241, subdivision 1e, is amended to read:

Subd. 1e. **Applied research and development grants.** (a) The commissioner may, by order, approve and make grants for applied research and development projects of general applicability that identify new technologies or strategies to maximize energy savings, improve the effectiveness of energy conservation programs, or document the carbon dioxide reductions from energy conservation programs. When approving projects, the commissioner shall consider proposals and comments from utilities and other interested parties. The commissioner may assess up to \$3,600,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) The commissioner, as part of the assessment authorized under paragraph (a), shall annually assess and grant up to \$500,000 for the purpose of subdivision 9.

(c) The commissioner, as part of the assessment authorized under paragraph (a), each state fiscal year shall assess \$500,000 for a grant to the partnership created by section 216C.385, subdivision 2. The grant must be used to exercise the powers and perform the duties specified in section 216C.385, subdivision 3.

(d) By February 15 annually, the commissioner shall report to the chairs and ranking minority members of the committees of the legislature with primary jurisdiction over energy policy and

energy finance on the assessments made under this subdivision for the previous calendar year and the use of the assessment. The report must clearly describe the activities supported by the assessment and the parties that engaged in those activities.

EFFECTIVE DATE. Paragraph (b) is effective for assessments for state fiscal years commencing after July 1, 2013.

ARTICLE 8

ENERGY POLICY AMENDMENT

Section 1. Minnesota Statutes 2012, section 216B.2401, is amended to read:

216B.2401 ENERGY CONSERVATION SAVINGS POLICY GOAL.

The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. The legislature further finds that cost-effective energy savings should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas directly through cost-effective energy conservation improvement programs and rate design, and indirectly through energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.

Sec. 2. Minnesota Statutes 2012, section 216C.05, is amended to read:

216C.05 FINDINGS AND PURPOSE.

Subdivision 1. **Energy planning.** The legislature finds and declares that continued growth in demand for energy will cause severe social and economic dislocations, and that the state has a vital interest in providing for: increased efficiency in energy consumption, the development and use of renewable energy resources wherever possible, and the creation of an effective energy forecasting, planning, and education program.

The legislature further finds and declares that the protection of life, safety, and financial security for citizens during an energy crisis is of paramount importance.

Therefore, the legislature finds that it is in the public interest to review, analyze, and encourage those energy programs that will minimize the need for annual increases in fossil fuel consumption by 1990 and the need for additional electrical generating plants, and provide for an optimum combination of energy sources and energy conservation consistent with environmental protection and the protection of citizens.

The legislature intends to monitor, through energy policy planning and implementation, the transition from historic growth in energy demand to a period when demand for traditional fuels becomes stable and the supply of renewable energy resources is readily available and adequately utilized.

The legislature further finds that for economic growth, environmental improvement, and protection of citizens, it is in the public interest to encourage those energy programs that will provide an optimum combination of energy resources, including energy savings.

Therefore, the legislature, through its committees, must monitor and evaluate progress towards greater reliance on cost-effective energy efficiency and renewable energy and lesser dependence on fossil fuels in order to reduce the economic burden of fuel imports, diversify utility-owned and consumer-owned energy resources, reduce utility costs for businesses and residents, improve the competitiveness and profitability of Minnesota businesses, create more energy-related jobs that contribute to the Minnesota economy, and reduce pollution and emissions that cause climate change.

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas be achieved through energy efficiency;

~~(1)~~ (2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives; and

~~(2)~~ (3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025.

Sec. 3. DEPARTMENT OF COMMERCE; DIVISION OF ENERGY RESOURCES; STUDY.

The Division of Energy Resources of the Department of Commerce must conduct public meetings with stakeholders and members of the public and shall produce a report on findings and legislative recommendations to accomplish the following purposes:

(1) clarify statewide energy-savings policies and utility energy-savings goals;

(2) maximize long-term cost-effective energy savings and minimize energy waste;

(3) maximize carbon reductions and economic benefits by increasing the efficiency of all sectors of the state's energy system;

(4) minimize total utility costs and rate impacts for ratepayers in all sectors;

(5) determine appropriate funding sources for nonconservation projects and programs, cogeneration, and combined heat and power projects; and

(6) determine the appropriate consideration in the integrated resource planning and certificate of need processes of the requirements to meet the state's energy conservation and renewable energy goals.

The report must be submitted by January 15, 2015, to the chairs and ranking minority members of the committees of the legislature with primary jurisdiction over energy policy.

The division must provide public notice of the meetings.

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

ARTICLE 9**EMISSION REDUCTION COST RECOVERY**

Section 1. Minnesota Statutes 2012, section 216B.1692, subdivision 1, is amended to read:

Subdivision 1. **Qualifying projects.** (a) Projects that may be approved for the emissions reduction-rate rider allowed in this section must:

(1) be installed on existing large electric generating power plants, as defined in section 216B.2421, subdivision 2, clause (1), that are located in the state and that are currently not subject to emissions limitations for new power plants under the federal Clean Air Act, United States Code, title 42, section 7401 et seq.;

(2) not increase the capacity of the existing electric generating power plant more than ten percent or more than 100 megawatts, whichever is greater; and

(3) result in the existing plant either:

(i) complying with applicable new source review standards under the federal Clean Air Act; or

(ii) emitting air contaminants at levels substantially lower than allowed for new facilities by the applicable new source performance standards under the federal Clean Air Act; or

(iii) reducing emissions from current levels at a unit to the lowest cost-effective level when, due to the age or condition of the generating unit, the public utility demonstrates that it would not be cost-effective to reduce emissions to the levels in item (i) or (ii).

(b) Notwithstanding paragraph (a), a project may be approved for the emission reduction rate rider allowed in this section if the project is to be installed on existing large electric generating power plants, as defined in section 216B.2421, subdivision 2, clause (1), that are located outside the state and are needed to comply with state or federal air quality standards, but only if the project has received an advance determination of prudence from the commission under section 216B.1695.

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

Sec. 2. Minnesota Statutes 2012, section 216B.1692, is amended by adding a subdivision to read:

Subd. 1a. **Exemption.** Subdivisions 2, 4, and 5, paragraph (c), clause (1), do not apply to projects qualifying under subdivision 1, paragraph (b).

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

Sec. 3. Minnesota Statutes 2012, section 216B.1692, subdivision 8, is amended to read:

Subd. 8. **Sunset.** This section is effective until December 31, ~~2015~~ 2020, and applies to plans, projects, and riders approved before that date and modifications made to them after that date.

Sec. 4. Minnesota Statutes 2012, section 216B.1695, subdivision 5, is amended to read:

Subd. 5. **Cost recovery.** The utility may begin recovery of costs that have been incurred by the utility in connection with implementation of the project in the next rate case following an advance determination of prudence or in a rider approved under section 216B.1692. The commission shall review the costs incurred by the utility for the project. The utility must show that the project costs are reasonable and necessary, and demonstrate its efforts to ensure the lowest reasonable project

costs. Notwithstanding the commission's prior determination of prudence, it may accept, modify, or reject any of the project costs. The commission may determine whether to require an allowance for funds used during construction offset.

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

Sec. 5. Minnesota Statutes 2012, section 216B.1695, is amended by adding a subdivision to read:

Subd. 5a. Rate of return. The return on investment in the rider shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

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

ARTICLE 10

STATE BUILDINGS GUARANTEED ENERGY SAVINGS PROGRAM

Section 1. Minnesota Statutes 2012, section 16C.144, subdivision 2, is amended to read:

Subd. 2. **Guaranteed energy-savings agreement.** The commissioner may enter into a guaranteed energy-savings agreement with a qualified provider if:

(1) the qualified provider is selected through a competitive process in accordance with the guaranteed energy-savings program guidelines within the Department of Administration;

(2) the qualified provider agrees to submit an engineering report prior to the execution of the guaranteed energy-savings agreement. The cost of the engineering report may be considered as part of the implementation costs if the commissioner enters into a guaranteed energy-savings agreement with the provider;

(3) the term of the guaranteed energy-savings agreement shall not exceed ~~15~~ 25 years from the date of final installation;

(4) the commissioner finds that the amount it would spend on the utility cost-savings measures recommended in the engineering report will not exceed the amount to be saved in utility operation and maintenance costs over ~~15~~ 25 years from the date of implementation of utility cost-savings measures;

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under a lease purchase agreement. The qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and

(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

ARTICLE 11

INTEGRATED RESOURCE PLANNING

Section 1. Minnesota Statutes 2012, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for renewable energy facility.** The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest. The public interest determination must include an assessment of whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.2427.

ARTICLE 12

RENEWABLE INTEGRATION STUDY

Section 1. RENEWABLE INTEGRATION STUDY.

The Minnesota electric utilities shall jointly contract with an independent contractor selected by the commissioner of commerce and must complete the study work under the direction of the commissioner of commerce. Prior to the start of the study, the commissioner shall appoint a technical review committee consisting of up to 15 individuals with experience and expertise in electric transmission system engineering, electric power systems operations, and renewable energy generation technology to review the study's proposed methods and assumptions, ongoing work, and preliminary results.

As part of the planning process, the Minnesota electric utilities must incorporate and build upon the analyses that have previously been done or that are in progress including but not limited to the 2006 Minnesota Wind Integration Study and ongoing work to address geographically dispersed development plans, the 2007 Minnesota Transmission for Renewable Energy Standard Study, the 2008 and 2009 Statewide Studies of Dispersed Renewable Generation, the 2009 Minnesota RES Update, Corridor, and Capacity Validation Studies, the 2010 Regional Generation Outlet Study, the 2011 Multi Value Project Portfolio Study, and recent and ongoing Midwest Independent System Operator transmission expansion planning work. The utilities shall collaborate with the Midwest Independent System Operator to optimize and integrate, to the extent possible, Minnesota's transmission plans with other regional considerations and to encourage the Midwest Independent System Operator to incorporate Minnesota's planning work into its transmission expansion future planning.

The study must be completed and submitted to the Minnesota Public Utilities Commission by December 1, 2014. The report shall include a description of the analyses that have been conducted and the results, including:

(1) a conceptual plan for transmission necessary for generation interconnection and delivery, and operational integration including access to regional geographic diversity and regional supply and demand side flexibility; and

(2) identification and development of potential solutions to any critical issues encountered to support increasing the renewable energy standard under Minnesota Statutes, section 216B.1691, to 40 percent by 2030 while maintaining system reliability, as well as potential impacts and barriers of increasing the renewable energy standard to 45 percent and 50 percent.

ARTICLE 13**GAS UTILITY INFRASTRUCTURE COSTS**

Section 1. Minnesota Statutes 2012, section 216B.1635, is amended to read:

216B.1635 RECOVERY OF GAS UTILITY INFRASTRUCTURE COSTS.

Subdivision 1. **Definitions.** (a) "Gas utility" means a public utility as defined in section 216B.02, subdivision 4, that furnishes natural gas service to retail customers.

(b) "Gas utility infrastructure costs" or "GUIC" means costs incurred in gas utility projects that:

(1) do not serve to increase revenues by directly connecting the infrastructure replacement to new customers;

(2) are in service but were not included in the gas utility's rate base in its most recent general rate case; ~~and~~, or are planned to be in service during the period covered by the report submitted under subdivision 2, but in no case longer than the one year forecast period in the report; and

(3) ~~replace or modify existing infrastructure if the replacement or modification does not constitute a betterment, unless the betterment is required by a political subdivision, as evidenced by specific documentation from the government entity requiring the replacement or modification of infrastructure do not constitute a betterment, unless the betterment is based on requirements by a political subdivision or a federal or state agency, as evidenced by specific documentation, an order, or other similar requirement from the government entity requiring the replacement or modification of infrastructure.~~

(c) "Gas utility projects" means ~~relocation and:~~

(1) replacement of natural gas facilities located in the public right-of-way required by the construction or improvement of a highway, road, street, public building, or other public work by or on behalf of the United States, the state of Minnesota, or a political subdivision; and

(2) replacement or modification of existing natural gas facilities, including surveys, assessments, reassessment, and other work necessary to determine the need for replacement or modification of existing infrastructure that is required by a federal or state agency.

Subd. 2. **Gas infrastructure filing.** (a) ~~The commission may approve a gas utility's petition for a rate schedule. A public utility submitting a petition to recover GUIC gas infrastructure costs under this section. A gas utility may~~ must submit to the commission, the department, and interested parties a gas infrastructure project plan report and a petition ~~the commission to recover a rate of return, income taxes on the rate of return, incremental property taxes, plus incremental depreciation expense associated with GUIC for rate recovery of only incremental costs associated with projects under subdivision 1, paragraph (c), clause (2).~~ The report and petition must be made at least 150 days in advance of implementation of the rate schedule, provided that the rate schedule will not be implemented until the petition is approved by the commission pursuant to subdivision 6. The report must be for a forecast period of one year.

(b) ~~The filing is subject to the following:~~

(1) A gas utility may submit a filing under this section no more than once per year.

~~(2) A gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC or be subject to denial by the commission. The information includes, but is not limited to:~~

~~(i) the government entity ordering the gas utility project and the purpose for which the project is undertaken;~~

~~(ii) the location, description, and costs associated with the project;~~

~~(iii) a description of the costs, and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;~~

~~(iv) the proposed rate design and an explanation of why the proposed rate design is in the public interest;~~

~~(v) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;~~

~~(vi) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;~~

~~(vii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case;~~

~~(viii) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case; and~~

~~(ix) documentation supporting the calculation of the GUIC.~~

Subd. 3. **Gas infrastructure project plan report.** The gas infrastructure project plan report required to be filed under subdivision 2 shall include all pertinent information and supporting data on each proposed project including, but not limited to, project description and scope, estimated project costs, and project in-service date.

Subd. 4. **Cost recovery petition for utility's facilities.** Notwithstanding any other provision of this chapter, the commission may approve a rate schedule for the automatic annual adjustment of charges for gas utility infrastructure costs net of revenues under this section, including a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and any incremental operation and maintenance costs. A gas utility's petition for approval of a rate schedule to recover gas utility infrastructure costs outside of a general rate case under section 216B.16, is subject to the following:

(1) a gas utility may submit a filing under this section no more than once per year; and

(2) a gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC. The information includes, but is not limited to:

(i) the information required to be included in the gas infrastructure project plan report under subdivision 3;

(ii) the government entity ordering or requiring the gas utility project and the purpose for which the project is undertaken;

(iii) a description of the estimated costs and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;

(iv) a comparison of the utility's estimated costs included in the gas infrastructure project plan and the actual costs incurred, including a description of the utility's efforts to ensure the costs of the facilities are reasonable and prudently incurred;

(v) calculations to establish that the rate adjustment is consistent with the terms of the rate schedule, including the proposed rate design and an explanation of why the proposed rate design is in the public interest;

(vi) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;

(vii) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;

(viii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case; and

(ix) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case.

Subd. 5. **Commission action.** Upon receiving a gas utility report and petition for cost recovery under subdivision 2 and assessment and verification under subdivision 4, the commission may approve the annual GUIC rate adjustments provided that, after notice and comment, the costs included for recovery through the rate schedule are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers.

Subd. 5a. **Rate of return.** The return on investment for the rate adjustment shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

Subd. 3 **6. Commission authority; rules.** The commission may issue orders and adopt rules necessary to implement and administer this section.

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

Sec. 2. Laws 2005, chapter 97, article 10, section 3, is amended to read:

Sec. 3. **SUNSET.**

Sections 1 and 2 shall expire on June 30, ~~2015~~ 2023.

Sec. 3. **REPEALER.**

Minnesota Statutes 2012, section 216B.1637, is repealed.

ARTICLE 14

PACE

Section 1. Minnesota Statutes 2012, section 216C.435, is amended by adding a subdivision to read:

Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements" mean energy improvements that have been identified in an energy audit or renewable energy system feasibility study as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices.

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

Sec. 2. Minnesota Statutes 2012, section 216C.435, subdivision 8, is amended to read:

Subd. 8. **Qualifying real property.** "Qualifying real property" means a single-family or multifamily residential dwelling, or a commercial or industrial building, that the implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, can be benefited by installation of cost-effective energy improvements.

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

Sec. 3. Minnesota Statutes 2012, section 216C.436, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** A financing program must:

- (1) impose requirements and conditions on financing arrangements to ensure timely repayment;
- (2) require an energy audit or renewable energy system feasibility study to be conducted on the qualifying real property and reviewed by the implementing entity prior to approval of the financing;
- (3) require the inspection of all installations and a performance verification of at least ten percent of the energy improvements financed by the program;
- (4) not prohibit the financing of all cost-effective energy improvements not otherwise prohibited by this section;
- (5) require that all cost-effective energy improvements be made to a qualifying real property prior to, or in conjunction with, an applicant's repayment of financing for energy improvements for that property;
- (5) (6) have energy improvements financed by the program performed by licensed contractors as required by chapter 326B or other law or ordinance;
- (6) (7) require disclosures to borrowers by the implementing entity of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default;
- (7) (8) provide financing only to those who demonstrate an ability to repay;
- (8) (9) not provide financing for a qualifying real property in which the owner is not current on mortgage or real property tax payments;
- (9) (10) require a petition to the implementing entity by all owners of the qualifying real property requesting collections of repayments as a special assessment under section 429.101;
- (10) (11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due; and
- (11) (12) require that liability for special assessments related to the financing runs with the qualifying real property.

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

Sec. 4. Minnesota Statutes 2012, section 216C.436, subdivision 7, is amended to read:

Subd. 7. **Repayment.** An implementing entity that finances an energy improvement under this section must:

- (1) secure payment with a lien against the benefited qualifying real property; and
- (2) collect repayments as a special assessment as provided for in section 429.101 or by charter, provided that special assessments may be made payable in up to 20 equal annual installments.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

Sec. 5. Minnesota Statutes 2012, section 216C.436, subdivision 8, is amended to read:

Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue bonds as provided in chapter 475 for the purposes of this section, provided the revenue bond must not be payable more than 20 years from the date of issuance.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds may compel any exercise of the taxing power of the local government. Bonds issued under this subdivision are not a debt or obligation of the issuer or any local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

Sec. 6. Minnesota Statutes 2012, section 429.101, subdivision 2, is amended to read:

Subd. 2. **Procedure for assessment.** Any special assessment levied under subdivision 1 shall be payable in a single installment, or by up to ten equal annual installments as the council may provide, except that a special assessment made under an energy improvements financing program under subdivision 1, paragraph (c), may be repayable in up to 20 equal installments. With this exception these exceptions, sections 429.061, 429.071, and 429.081 shall apply to assessments made under this section.

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

ARTICLE 15

WASTE HEAT RECOVERY

Section 1. Minnesota Statutes 2012, section 216B.241, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

(b) "Commissioner" means the commissioner of commerce.

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat recovery that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not

less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

(n) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand side consumption of natural gas, electric energy, or both.

~~(n)~~ (o) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

Sec. 2. Minnesota Statutes 2012, section 216B.241, is amended by adding a subdivision to read:

Subd. 10. **Waste heat recovery; thermal energy distribution.** Demand side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility, is eligible to be counted towards a utility's natural gas or electric energy savings goals, subject to department approval."

Delete the title and insert:

"A bill for an act relating to energy; promoting renewable energy; regulating the distributed generation of electric energy; establishing a requirement for utilities to generate solar energy; providing various incentives for the production of solar energy; requiring several studies related to electric energy; regulating utility cost recovery for certain transmission, emission reduction, and gas infrastructure investments; providing state energy policies; regulating various energy conservation investment programs; amending Minnesota Statutes 2012, sections 16C.144, subdivision 2; 216B.02, subdivision 4; 216B.16, subdivision 7b; 216B.1635; 216B.164, subdivisions 3, 4, 6, by adding subdivisions; 216B.1692, subdivisions 1, 8, by adding a subdivision; 216B.1695, subdivision 5, by adding a subdivision; 216B.2401; 216B.241, subdivisions 1, 1e, by adding a subdivision; 216B.2422, subdivision 4; 216C.05; 216C.435, subdivision 8, by adding a subdivision; 216C.436, subdivisions 2, 7, 8; 429.101, subdivision 2; Laws 2005, chapter 97, article 10, section 3;

proposing coding for new law in Minnesota Statutes, chapters 3; 216B; 216C; repealing Minnesota Statutes 2012, section 216B.1637."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 1307: A bill for an act relating to human rights; changing provisions for certain certificates of compliance; amending Minnesota Statutes 2012, sections 363A.36, subdivision 1; 363A.37; repealing Minnesota Rules, part 5000.3560, subparts 2, 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 16, strike "two" and insert "four"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 796: A bill for an act relating to natural resources; modifying game and fish laws; modifying trespassing laws; providing for certain license seizure; modifying fees; modifying invasive species laws; modifying watercraft provisions; creating a Minnesota-Wisconsin Boundary Area Invasive Species Commission; modifying exemptions for the Minnesota Zoological Garden; providing for a special local law in six counties to protect surface water and groundwater; requiring rulemaking; appropriating money; amending Minnesota Statutes 2012, sections 84.027, subdivision 13, by adding subdivisions; 84D.01, subdivision 15a; 84D.03, subdivision 4; 84D.09; 84D.10, subdivisions 1, 4; 84D.105, subdivision 2; 84D.11, by adding subdivisions; 84D.13, subdivision 2, by adding a subdivision; 85A.02, subdivision 10; 86B.005, subdivision 18, by adding subdivisions; 86B.13, by adding a subdivision; 86B.301, subdivision 2; 86B.501, subdivision 1; 86B.825, subdivision 2; 97A.051, subdivision 2; 97A.135, subdivision 3; 97A.420, subdivision 1; 97A.441, subdivision 6; 97A.445, subdivision 1; 97A.451, subdivisions 3, 3b, 4, 5, by adding a subdivision; 97A.475, subdivisions 2, 3, 8; 97A.485, subdivision 6; 97B.001, subdivisions 3, 4; 97B.0215; 97B.022, subdivision 2; 97B.055, subdivision 2; 97B.071; 97B.112; 97C.341; 97C.345, subdivisions 1, 2; 97C.376, subdivisions 1, 2, 3; 103G.271, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 84D; 103G; repealing Minnesota Statutes 2012, sections 84D.01, subdivision 22; 97A.451, subdivision 4a; 97C.346.

Reports the same back with the recommendation that the bill be amended as follows:

Page 18, line 16, after the second comma, insert "paragraph (a),"

Page 22, line 21, after "return" insert "within one year"

And when so amended the bill do pass and be re-referred to the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 561: A bill for an act relating to commerce; regulating building and construction contracts; prohibiting certain agreements to insure; amending Minnesota Statutes 2012, section 337.05, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 337.05, subdivision 1, is amended to read:

Subdivision 1. **Agreements valid.** (a) Except as otherwise provided in paragraph (b), sections 337.01 to 337.05 do not affect the validity of agreements whereby a promisor agrees to provide specific insurance coverage for the benefit of others.

(b) An agreement or contract provision that requires a party to provide insurance coverage to one or more other parties, including third parties, for the negligence or intentional acts or omissions of any of those parties, including third parties, is against public policy and is void and unenforceable. This subdivision does not prohibit an agreement or contract provision for workers' compensation, construction performance or payment bonds, vicarious liability coverage, or to obtain project specific insurance, including, without limitation, builder's risk policies or owner or contractor-controlled insurance programs or policies.

(c) Paragraph (b) does not apply to building and construction contracts for work within fifty feet of public or private railroads, or railroads regulated by the Federal Railroad Administration.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2013, and applies to agreements entered into on or after that date."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 1297: A bill for an act relating to human services; modifying provisions related to chemical and mental health and state-operated services; allowing for data sharing; repealing a task force; updating terminology and repealing obsolete provisions; making technical changes; amending Minnesota Statutes 2012, sections 13.461, by adding a subdivision; 245.036; 246.014; 246.0141; 246.0251; 246.12; 246.128; 246.33, subdivision 4; 246.51, subdivision 3; 246.54, subdivision 2; 246.64, subdivision 1; 252.41, subdivision 7; 253.015, subdivision 1; 253B.045, subdivision 2; 253B.18, subdivision 4c; 254.05; 256.976, subdivision 3; 256B.0943, subdivisions 1, 3, 6, 9; 256B.0944, subdivision 5; 272.02, subdivision 94; 281.04; 295.50, subdivision 10b; 322.24; 357.28, subdivision 1; 387.20, subdivision 1; 462A.03, subdivision 13; 481.12; 508.79; 508A.79; 518.04; 525.092, subdivision 2; 555.04; 558.31; 580.20; 609.06, subdivision 1; 609.36, subdivision 2; 611.026; 628.54; repealing Minnesota Statutes 2012, sections 246.04; 246.05; 246.125; 246.21; 246.57, subdivision 5; 246.58; 246.59; 251.011, subdivisions 3, 6; 253.015, subdivision 4; 253.018; 253.28.

Reports the same back with the recommendation that the bill be amended as follows:

Page 25, line 19, strike everything after "person"

Page 25, line 20, delete "diagnosed with" and insert ", while having"

Page 25, line 21, before the semicolon, insert ", shall be tried, sentenced, or punished for any crime"

Page 25, delete line 33 and insert "(4) is ~~insane~~ lacks mental capacity;"

Page 26, lines 1, 2, and 4, reinstate the stricken language and delete the new language

Page 27, after line 28, insert:

"Sec. 22. CONSTRUCTION OF LANGUAGE.

The amendments in this article are intended by the legislature to be technical terminology changes. Nothing in this article may be construed by a court as making a substantive change in law."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 971: A bill for an act relating to the military; updating the Minnesota Code of Military Justice; providing clarifying language; amending Minnesota Statutes 2012, sections 192A.02, subdivision 1; 192A.045, subdivision 3; 192A.095; 192A.10; 192A.105; 192A.11, subdivision 1; 192A.111; 192A.13; 192A.20; 192A.235, subdivision 3; 192A.605; 192A.62; 192A.66; proposing coding for new law in Minnesota Statutes, chapter 192A; repealing Minnesota Statutes 2012, sections 192A.085; 192A.11, subdivisions 2, 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 1241: A bill for an act relating to public safety; providing for a 36-month presumptive executed sentence for certain repeat sex offenders; amending Minnesota Statutes 2012, section 609.3455, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 1340: A bill for an act relating to human services; modifying provisions related to licensing data, human services licensing, child care programs, financial fraud and abuse investigations, and vendors of chemical dependency treatment services; modifies background studies; amending Minnesota Statutes 2012, sections 13.46, subdivisions 3, 4; 119B.125, subdivision 1b; 168.012, subdivision 1; 245A.02, subdivision 5a; 245A.04, subdivisions 1, 5, 11; 245A.06, subdivision 1; 245A.07, subdivisions 2, 3, by adding a subdivision; 245A.08, subdivisions 2a, 5a; 245A.146, subdivisions 3, 4; 245A.50, subdivision 4; 245A.65, subdivision 1; 245A.66, subdivision 1; 245B.02, subdivision 10; 245B.04; 245B.05, subdivisions 1, 7; 245B.07, subdivisions 5, 9, 10; 245C.04; 245C.05, subdivision 6; 245C.08, subdivision 1; 245C.16, subdivision 1; 245C.20, subdivision 1; 245C.22, subdivision 1; 245C.23, subdivision 2; 245C.28, subdivisions 1, 3; 245C.29, subdivision 2; 254B.05, subdivision 5; 256.01, subdivision 18d; 256.045, subdivision 3b; 268.19, subdivision 1; 471.346; proposing coding for new law in Minnesota Statutes, chapter 245A; repealing Minnesota Statutes 2012, sections 245B.02, subdivision 8a; 245B.07, subdivision 7a.

Reports the same back with the recommendation that the bill be amended as follows:

Page 12, delete lines 21 to 26 and insert:

"(c) If a license holder reports that an individual with a disqualification that has not been set aside has moved out of the home where services are provided or reports that other arrangements have been made so a disqualified person does not have direct contact or access to persons receiving services,

the commissioner may issue an order of conditional license that makes licensure contingent on the individual's continuous absence from the home during the hours of operation when:

(1) the disqualified individual is a "family or household member" of the license holder, as defined in section 518B.01, subdivision 2; or

(2) the disqualified individual has a record of having had direct contact or access to people receiving services."

Page 43, line 6, before "For" insert "(a)"

Page 43, after line 10, insert:

"(b) For background studies subject to a fee paid through the NETStudy system, the entity that initiated the study may initiate a new study under paragraph (a) or notify the commissioner of the name change through a notice to the commissioner."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 1086: A bill for an act relating to human rights; ensuring public accommodations for blind and disabled persons; amending Minnesota Statutes 2012, section 363A.19.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 363A.19, is amended to read:

363A.19 DISCRIMINATION AGAINST BLIND, DEAF, OR OTHER PERSONS WITH PHYSICAL OR SENSORY DISABILITIES PROHIBITED.

(a) It is an unfair discriminatory practice for an owner, operator, or manager of a hotel, restaurant, public conveyance, or other public place to prohibit a blind or deaf person or a person with a physical or sensory disability from taking a service animal into the public place or conveyance ~~if the service animal can be properly identified as being from a recognized program which trains service animals to aid blind or deaf persons or persons with physical or sensory disabilities, and if the service animal is properly harnessed or leashed so that the blind or deaf person or a person with a physical or sensory disability may maintain control of the service animal.~~

(b) No person shall require a blind, physically disabled, or deaf person to make an extra payment or pay an additional charge when taking a service animal into any of the public places referred to in paragraph (a).

(c) For purposes of this section, "service animal" means a service animal as defined by the federal Americans with Disabilities Act, as amended."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 745: A bill for an act relating to data practices; extending the classification of private data maintained by a library to a vendor providing electronic data services under contract with a library; amending Minnesota Statutes 2012, section 13.40, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [13.356] PERSONAL CONTACT AND ONLINE ACCOUNT INFORMATION.

(a) The following data on an individual collected, maintained, or received by a government entity for notification or informational purposes of a general nature as requested by the individual are private data on individuals:

(1) telephone number;

(2) e-mail address; and

(3) Internet user name, password, Internet protocol address, and any other similar data related to the individual's online account or access procedures.

(b) Section 13.04, subdivision 2, does not apply to data classified under paragraph (a). Paragraph (a) does not apply to data submitted by an individual to the Campaign Finance Board to meet the legal requirements imposed by chapter 10A, to data submitted for purposes of making a public comment, or to data in a state agency's rulemaking e-mail list.

(c) Data provided under paragraph (a) may only be used for the specific purpose for which the individual provided the data.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to data collected, maintained, or received before, on, or after that date.

Sec. 2. Minnesota Statutes 2012, section 13.37, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given them.

(a) "Security information" means government data the disclosure of which the responsible authority determines would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury. "Security information" includes crime prevention block maps and lists of volunteers who participate in community crime prevention programs and their home and mailing addresses ~~and~~, telephone numbers, and e-mail or other digital addresses.

(b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(c) "Labor relations information" means management positions on economic and noneconomic items that have not been presented during the collective bargaining process or interest arbitration, including information specifically collected or created to prepare the management position.

(d) "Parking space leasing data" means the following government data on an applicant for, or lessee of, a parking space: residence address, home telephone number, beginning and ending work hours, place of employment, work telephone number, and location of the parking space.

Sec. 3. Minnesota Statutes 2012, section 13.386, subdivision 3, is amended to read:

Subd. 3. **Collection, storage, use, and dissemination of genetic information.** (a) Unless otherwise expressly provided by law, genetic information about an individual:

(1) may be collected by a government entity, as defined in section 13.02, subdivision 7a, or any other person only with the written informed consent of the individual;

(2) may be used only for purposes to which the individual has given written informed consent;

(3) may be stored only for a period of time to which the individual has given written informed consent; and

(4) may be disseminated only:

(i) with the individual's written informed consent; or

(ii) if necessary in order to accomplish purposes described by clause (2). A consent to disseminate genetic information under item (i) must be signed and dated. Unless otherwise provided by law, such a consent is valid for one year or for a lesser period specified in the consent.

(b) Newborn screening activities conducted under sections 144.125 to 144.128 are subject to paragraph (a). Other programs and activities governed under section 144.192 are not subject to paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2013 enactment.

Sec. 4. Minnesota Statutes 2012, section 13.43, subdivision 2, is amended to read:

Subd. 2. **Public data.** (a) Except for employees described in subdivision 5 and subject to the limitations described in subdivision 5a, the following personnel data on current and former employees, volunteers, and independent contractors of a government entity is public:

(1) name; employee identification number, which must not be the employee's Social Security number; actual gross salary; salary range; terms and conditions of employment relationship; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title and bargaining unit; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) the complete terms of any agreement settling any dispute arising out of an employment relationship, including a buyout agreement as defined in section 123B.143, subdivision 2, paragraph (a); except that the agreement must include specific reasons for the agreement if it involves the payment of more than \$10,000 of public money;

(7) work location; a work telephone number; badge number; work-related continuing education; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data.

(b) For purposes of this subdivision, a final disposition occurs when the government entity makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the government entity, or arbitrator. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. A disciplinary action does not become public data if an arbitrator sustains a grievance and reverses all aspects of any disciplinary action.

(c) The government entity may display a photograph of a current or former employee to a prospective witness as part of the government entity's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a government entity in connection with a complaint or charge against an employee.

(e) Notwithstanding paragraph (a), clause (5), and subject to paragraph (f), upon completion of an investigation of a complaint or charge against a public official, or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources. For purposes of this paragraph, "public official" means:

(1) the head of a state agency and deputy and assistant state agency heads;

(2) members of boards or commissions required by law to be appointed by the governor or other elective officers;

(3) executive or administrative heads of departments, bureaus, divisions, or institutions within state government; and

(4) the following employees:

(i) the chief administrative officer, or the individual acting in an equivalent position, in all political subdivisions;

(ii) individuals required to be identified by a political subdivision pursuant to section 471.701;

(iii) in a city with a population of more than 7,500 or a county with a population of more than 5,000, individuals in a management capacity reporting directly to the chief administrative officer or

the individual acting in an equivalent position: managers; chiefs; heads or directors of departments, divisions, bureaus, or boards; and any equivalent position; and

(iv) in a school district; business managers; human resource directors, and; athletic directors whose duties include at least 50 percent of their time spent in administration, personnel, supervision, and evaluation; chief financial officers; directors; individuals defined as superintendents; and principals, and directors under Minnesota Rules, part 3512.0100; and in a charter school, individuals employed in comparable positions.

(f) Data relating to a complaint or charge against an employee identified under paragraph (e), clause (4), are public only if:

(1) the complaint or charge results in disciplinary action or the employee resigns or is terminated from employment while the complaint or charge is pending; or

(2) potential legal claims arising out of the conduct that is the subject of the complaint or charge are released as part of a settlement agreement ~~with another person.~~

This paragraph and paragraph (e) do not authorize the release of data that are made not public under other law.

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

Sec. 5. Minnesota Statutes 2012, section 13.43, subdivision 14, is amended to read:

Subd. 14. **Maltreatment data.** (a) When a report of alleged maltreatment of a student in a school facility, as defined in section 626.556, subdivision 2, paragraph (f), is made to the commissioner of education under section 626.556, data that are relevant to a report of maltreatment and are collected by the school facility about the person alleged to have committed maltreatment must be provided to the commissioner of education upon request for purposes of an assessment or investigation of the maltreatment report. Data received by the commissioner of education pursuant to these assessments or investigations are classified under section 626.556.

(b) Personnel data may be released for purposes of providing information to a parent, legal guardian, or custodian of a child under section 626.556, subdivision 7.

Sec. 6. Minnesota Statutes 2012, section 13.64, subdivision 2, is amended to read:

Subd. 2. **Department of Administration.** (a) Security features of building plans, building specifications, and building drawings of state-owned facilities and non-state-owned facilities leased by the state are classified as nonpublic data when maintained by the Department of Administration and may be shared with anyone as needed to perform duties of the commissioner.

(b) Data maintained by the Department of Administration that identify an individual with a disability or a family member of an individual with a disability related to services funded by the federal Assistive Technology Act, United States Code, title 29, sections 3001 to 3007, for assistive technology device demonstrations, transition training, loans, reuse, or alternative financing are private data on individuals.

Sec. 7. Minnesota Statutes 2012, section 13.72, subdivision 10, is amended to read:

Subd. 10. **Transportation service data.** Personal, medical, financial, familial, or locational information data pertaining to applicants for or users of services providing transportation for the disabled or elderly, ~~with the exception of the name of the applicant or user of the service,~~ are private.

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

Sec. 8. Minnesota Statutes 2012, section 13.72, is amended by adding a subdivision to read:

Subd. 18. **Mileage-based user fees.** (a) The following data pertaining to participation in the Minnesota road use test, as required by Laws 2007, chapter 143, article 1, section 3, subdivision 3, paragraph (a), clause (1), are classified as nonpublic or private data:

(1) names of participants, participants' contact information, and data contained in applications for participation in the Minnesota road use test;

(2) applications for the purchase, lease, or rental of the GPS navigation device;

(3) participants' vehicle identification data;

(4) financial and credit data; and

(5) participants' road usage data.

(b) Nothing in this section prohibits the production of summary data, as defined in section 13.02, subdivision 19, as it pertains to types of vehicles used and road usage data, as long as the participants' identities or any other characteristic that could uniquely identify participants are not ascertainable.

(c) Notwithstanding section 13.03, subdivision 6, the Department of Transportation shall only produce the data made not public under this subdivision to federal, state, and local law enforcement authorities acting pursuant to a valid probable cause search warrant.

Sec. 9. Minnesota Statutes 2012, section 13.72, is amended by adding a subdivision to read:

Subd. 19. **Construction manager/general contractor data.** (a) When the Department of Transportation undertakes a construction manager/general contractor contract, as defined and authorized in sections 161.3207 to 161.3209, the provisions of this subdivision apply.

(b) When the commissioner of transportation solicits a request for qualifications:

(1) the following data are classified as protected nonpublic:

(i) the statement of qualifications scoring evaluation manual; and

(ii) the statement of qualifications evaluations;

(2) the statement of qualifications submitted by a potential construction manager/general contractor is classified as nonpublic data; and

(3) identifying information concerning the members of the Technical Review Committee is classified as private data.

(c) When the commissioner of transportation announces the short list of qualified construction managers/general contractors, the following data become public:

(1) the statement of qualifications scoring evaluation manual; and

(2) the statement of qualifications evaluations.

(d) When the commissioner of transportation solicits a request for proposals:

(1) the proposal scoring manual is classified as protected nonpublic data; and

(2) the following data are classified as nonpublic data:

(i) the proposals submitted by a potential construction manager/general contractor; and

(ii) the proposal evaluations.

(e) When the commissioner of transportation has completed the ranking of proposals and announces the selected construction manager/general contractor, the proposal evaluation score or rank and proposal evaluations become public data.

(f) When the commissioner of transportation conducts contract negotiations with a construction manager/general contractor, government data created, collected, stored, and maintained during those negotiations are nonpublic data until a construction manager/general contractor contract is fully executed.

(g) When the construction manager/general contractor contract is fully executed or when the commissioner of transportation decides to use another contract procurement process, other than the construction manager/general contractor authority, authorized under section 161.3209, subdivision 3, paragraph (b), all remaining data not already made public under this subdivision becomes public.

(h) If the commissioner of transportation rejects all responses to a request for proposals before a construction manager/general contractor contract is fully executed, all data, other than that data made public under this subdivision, retains its classification until a resolicitation of the request for proposals results in a fully executed construction manager/general contractor contract or a determination is made to abandon the project. If a resolicitation of proposals does not occur within one year of the announcement of the request for proposals, the remaining data becomes public.

Sec. 10. Minnesota Statutes 2012, section 13.72, is amended by adding a subdivision to read:

Subd. 20. **Transit customer data.** (a) Data on applicants, users, and customers of public transit collected by or through the Metropolitan Council's personalized Web services or the regional fare collection system are private data on individuals. As used in this subdivision, the following terms have the meanings given them:

(1) "regional fare collection system" means the fare collection system created and administered by the council that is used for collecting fares or providing fare cards or passes for transit services which includes:

(i) regular route bus service within the metropolitan area and paratransit service, whether provided by the council or by other providers of regional transit service;

(ii) light rail transit service within the metropolitan area;

(iii) rideshare programs administered by the council;

(iv) special transportation services provided under section 473.386; and

(v) commuter rail service;

(2) "personalized Web services" means services for which transit service applicants, users, and customers must establish a user account; and

(3) "metropolitan area" means the area defined in section 473.121, subdivision 2.

(b) The council may disseminate data on user and customer transaction history and fare card use to government entities, organizations, school districts, educational institutions, and employers that subsidize or provide fare cards to their clients, students, or employees. "Data on user and customer transaction history and fare card use" means:

(1) the date a fare card was used;

(2) the time a fare card was used;

(3) the mode of travel;

(4) the type of fare product used; and

(5) information about the date, time, and type of fare product purchased.

Government entities, organizations, school districts, educational institutions, and employers may use customer transaction history and fare card use data only for purposes of measuring and promoting fare card use and evaluating the cost-effectiveness of their fare card programs. If a user or customer requests in writing that the council limit the disclosure of transaction history and fare card use, the council may disclose only the card balance and the date a card was last used.

(c) The council may disseminate transit service applicant, user, and customer data to another government entity to prevent unlawful intrusion into government electronic systems, or as otherwise provided by law.

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

Sec. 11. [144.192] TREATMENT OF BIOLOGICAL SPECIMENS AND HEALTH DATA HELD BY THE DEPARTMENT OF HEALTH AND HEALTH BOARDS.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Biological specimen" means tissue, fluids, excretions, or secretions that contain human DNA originating from an identifiable individual, either living or deceased. Biological specimen does not include infectious agents or chemicals that are isolated from a specimen. Nothing in this section or section 13.386 is intended to limit the commissioner's ability to collect, use, store, or disseminate such isolated infectious agents or chemicals.

(c) "Health data" has the meaning given in section 13.3805, subdivision 1, paragraph (a), clause (2).

(d) "Health oversight" means oversight of the health care system for activities authorized by law, limited to the following:

(1) audits;

(2) civil, administrative, or criminal investigations;

(3) inspections;

(4) licensure or disciplinary actions;

(5) civil, administrative, or criminal proceedings or actions; and

(6) other activities necessary for appropriate oversight of the health care system and persons subject to such governmental regulatory programs for which biological specimens or health data are necessary for determining compliance with program standards.

(e) "Individual" has the meaning given in section 13.02, subdivision 8. In addition, for a deceased individual, individual also means the representative of the decedent.

(f) "Person" has the meaning given in section 13.02, subdivision 10.

(g) "Program operations" means actions, testing, and procedures directly related to the operation of department programs, limited to the following:

(1) diagnostic and confirmatory testing;

(2) laboratory quality control assurance and improvement;

(3) calibration of equipment;

(4) evaluation and improvement of test accuracy;

(5) method development and validation;

(6) compliance with regulatory requirements; and

(7) continuity of operations to ensure that testing continues in the event of an emergency.

(h) "Public health practice" means actions related to disease, conditions, injuries, risk factors, or exposures taken to protect public health, limited to the following:

(1) monitoring the health status of a population;

(2) investigating occurrences and outbreaks;

(3) comparing patterns and trends;

(4) implementing prevention and control measures;

(5) conducting program evaluations and making program improvements;

(6) making recommendations concerning health for a population;

(7) preventing or controlling known or suspected diseases and injuries; and

(8) conducting other activities necessary to protect or improve the health of individuals and populations for which biological specimens or health data are necessary.

(i) "Representative of the decedent" has the meaning given in section 13.10, subdivision 1, paragraph (c).

(j) "Research" means activities that are not program operations, public health practice, or health oversight and is otherwise defined in Code of Federal Regulations, title 45, part 46, subpart A, section 46.102(d).

Subd. 2. **Collection, use, storage, and dissemination.** (a) The commissioner may collect, use, store, and disseminate biological specimens and health data, genetic or other, as provided in this section and as authorized under any other provision of applicable law, including any rules adopted on or before June 30, 2013. Any rules adopted after June 30, 2013, must be consistent with the requirements of this section.

(b) The provisions in this section supplement other provisions of law and do not supersede or repeal other provisions of law applying to the collection, use, storage, or dissemination of biological specimens or health data.

(c) For purposes of this section, genetic information is limited to biological specimens and health data.

Subd. 3. **Biological specimens and health data for program operations, public health practice, and health oversight.** (a) The commissioner may collect, use, store, and disseminate biological specimens and health data to conduct program operations activities, public health practice activities, and health oversight activities. Unless required under other applicable law, consent of an individual is not required under this subdivision.

(b) With the approval of the commissioner, biological specimens may be disseminated to establish a diagnosis, to provide treatment, to identify persons at risk of illness, or to conduct an epidemiologic investigation to control or prevent the spread of serious disease, or to diminish an imminent threat to the public health.

(c) For purposes of Clinical Laboratory Improvement Amendments proficiency testing, the commissioner may disseminate de-identified biological specimens to state public health laboratories that agree, pursuant to contract, not to attempt to re-identify the biological specimens.

(d) Health data may be disseminated as provided in section 13.3805, subdivision 1, paragraph (b).

Subd. 4. **Research.** The commissioner may collect, use, store, and disseminate biological specimens and health data to conduct research in a manner that is consistent with the federal common rule for the protection of human subjects in Code of Federal Regulations, title 45, part 46.

Subd. 5. **Storage of biological specimens and health data according to storage schedules.**

(a) The commissioner shall store health data according to section 138.17.

(b) The commissioner shall store biological specimens according to a specimen storage schedule. The commissioner shall develop the storage schedule by July 1, 2013, and post it on the department's Web site.

Subd. 6. **Secure storage of biological specimens.** The commissioner shall establish appropriate security safeguards for the storage of biological specimens, with regard for the privacy of the individuals from whom the biological specimens originated, and store the biological specimens accordingly. When a biological specimen is disposed of, it must be destroyed in a way that prevents determining the identity of the individual from whom it originated.

Subd. 7. **Applicability to health boards.** The provisions of subdivisions 2; 3, paragraphs (a), (c), and (d); and 4 to 6 pertaining to the commissioner also apply to boards of health and community health boards organized under chapter 145A. These boards may also disseminate health data pursuant to section 13.3805, subdivision 1, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 12. Minnesota Statutes 2012, section 144.966, subdivision 2, is amended to read:

Subd. 2. **Newborn Hearing Screening Advisory Committee.** (a) The commissioner of health shall establish a Newborn Hearing Screening Advisory Committee to advise and assist the Department of Health and the Department of Education in:

(1) developing protocols and timelines for screening, rescreening, and diagnostic audiological assessment and early medical, audiological, and educational intervention services for children who are deaf or hard-of-hearing;

(2) designing protocols for tracking children from birth through age three that may have passed newborn screening but are at risk for delayed or late onset of permanent hearing loss;

(3) designing a technical assistance program to support facilities implementing the screening program and facilities conducting rescreening and diagnostic audiological assessment;

(4) designing implementation and evaluation of a system of follow-up and tracking; and

(5) evaluating program outcomes to increase effectiveness and efficiency and ensure culturally appropriate services for children with a confirmed hearing loss and their families.

(b) The commissioner of health shall appoint at least one member from each of the following groups with no less than two of the members being deaf or hard-of-hearing:

(1) a representative from a consumer organization representing culturally deaf persons;

(2) a parent with a child with hearing loss representing a parent organization;

(3) a consumer from an organization representing oral communication options;

(4) a consumer from an organization representing cued speech communication options;

(5) an audiologist who has experience in evaluation and intervention of infants and young children;

(6) a speech-language pathologist who has experience in evaluation and intervention of infants and young children;

(7) two primary care providers who have experience in the care of infants and young children, one of which shall be a pediatrician;

(8) a representative from the early hearing detection intervention teams;

(9) a representative from the Department of Education resource center for the deaf and hard-of-hearing or the representative's designee;

(10) a representative of the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans;

(11) a representative from the Department of Human Services Deaf and Hard-of-Hearing Services Division;

(12) one or more of the Part C coordinators from the Department of Education, the Department of Health, or the Department of Human Services or the department's designees;

- (13) the Department of Health early hearing detection and intervention coordinators;
 - (14) two birth hospital representatives from one rural and one urban hospital;
 - (15) a pediatric geneticist;
 - (16) an otolaryngologist;
 - (17) a representative from the Newborn Screening Advisory Committee under this subdivision;
- and
- (18) a representative of the Department of Education regional low-incidence facilitators.

The commissioner must complete the appointments required under this subdivision by September 1, 2007.

(c) The Department of Health member shall chair the first meeting of the committee. At the first meeting, the committee shall elect a chair from its membership. The committee shall meet at the call of the chair, at least four times a year. The committee shall adopt written bylaws to govern its activities. The Department of Health shall provide technical and administrative support services as required by the committee. These services shall include technical support from individuals qualified to administer infant hearing screening, rescreening, and diagnostic audiological assessments.

Members of the committee shall receive no compensation for their service, but shall be reimbursed as provided in section 15.059 for expenses incurred as a result of their duties as members of the committee.

(d) By February 15, 2015, and by February 15 of the odd-numbered years after that date, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and data privacy on the activities of the committee that have occurred during the past two years.

~~(d)~~ (e) This subdivision expires June 30, ~~2013~~ 2019.

Sec. 13. Minnesota Statutes 2012, section 144.966, subdivision 3, is amended to read:

Subd. 3. **Early hearing detection and intervention programs.** All hospitals shall establish an early hearing detection and intervention (EHDI) program. Each EHDI program shall:

(1) in advance of any hearing screening testing, provide to the newborn's or infant's parents or parent information concerning the nature of the screening procedure, applicable costs of the screening procedure, the potential risks and effects of hearing loss, and the benefits of early detection and intervention;

(2) comply with parental ~~consent~~ election as described under section 144.125, subdivision ~~3~~ 4;

(3) develop policies and procedures for screening and rescreening based on Department of Health recommendations;

(4) provide appropriate training and monitoring of individuals responsible for performing hearing screening tests as recommended by the Department of Health;

(5) test the newborn's hearing prior to discharge, or, if the newborn is expected to remain in the hospital for a prolonged period, testing shall be performed prior to three months of age or when medically feasible;

- (6) develop and implement procedures for documenting the results of all hearing screening tests;
- (7) inform the newborn's or infant's parents or parent, primary care physician, and the Department of Health according to recommendations of the Department of Health of the results of the hearing screening test or rescreening if conducted, or if the newborn or infant was not successfully tested. The hospital that discharges the newborn or infant to home is responsible for the screening; and
- (8) collect performance data specified by the Department of Health.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 14. Minnesota Statutes 2012, section 144.966, subdivision 4, is amended to read:

Subd. 4. **Notification and information; data retention and destruction.** (a) Notification to the parents or parent, primary care provider, and the Department of Health shall occur prior to discharge or no later than ten days following the date of testing. Notification shall include information recommended by the Department of Health and information regarding the right of the parent or legal guardian to discontinue storage of the test results and require destruction under paragraph (d).

(b) A physician, nurse, midwife, or other health professional attending a birth outside a hospital or institution shall provide information, orally and in writing, as established by the Department of Health, to parents regarding places where the parents may have their infant's hearing screened and the importance of the screening.

(c) The professional conducting the diagnostic procedure to confirm the hearing loss must report the results to the parents, primary care provider, and Department of Health according to the Department of Health recommendations.

(d) The Department of Health may store hearing screening and rescreening test results for a period of time not to exceed 18 years from the infant's date of birth.

(e) Notwithstanding paragraph (d), a parent or legal guardian may instruct the Department of Health to discontinue storing hearing screening and rescreening test results by providing a signed and dated form requesting destruction of the test results. The Department of Health shall make necessary forms available on the department's Web site. If a parent or legal guardian instructs the Department of Health to discontinue storing hearing screening and rescreening test results, the Department of Health shall destroy the test results within one month of receipt of the instruction or within 25 months after it received the last test result, whichever is later.

Sec. 15. Minnesota Statutes 2012, section 144.966, is amended by adding a subdivision to read:

Subd. 8. **Construction.** Notwithstanding anything to the contrary, nothing in this section shall be construed as constituting newborn screening activities conducted under sections 144.125 to 144.128.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 16. Minnesota Statutes 2012, section 144.966, is amended by adding a subdivision to read:

Subd. 9. **Data collected.** Data collected by or submitted to the Department of Health pursuant to this section is not genetic information for purposes of section 13.386.

Sec. 17. Minnesota Statutes 2012, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. **Filing photograph or image; data classification.** The department shall file, or contract to file, all photographs or electronically produced images obtained in the process of issuing drivers' licenses or Minnesota identification cards. The photographs or electronically produced images shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographs or electronically produced images to data subjects. The use of the files is restricted:

(1) to the issuance and control of drivers' licenses;

(2) to criminal justice agencies, as defined in section 299C.46, subdivision 2, for the investigation and prosecution of crimes, service of process, enforcement of no contact orders, location of missing persons, investigation and preparation of cases for criminal, juvenile, and traffic court, and supervision of offenders;

(3) to public defenders, as defined in section 611.272, for the investigation and preparation of cases for criminal, juvenile, and traffic courts; ~~and~~

(4) to child support enforcement purposes under section 256.978; and

(5) to a county medical examiner or coroner as required by section 390.005 as necessary to fulfill the duties under sections 390.11 and 390.25.

Sec. 18. Minnesota Statutes 2012, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;

(5) human rights agencies within Minnesota that have enforcement powers;

(6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;

(7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(8) the Department of Labor and Industry and the Division of Insurance Fraud Prevention in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;

(9) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;

(11) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(12) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(13) the Department of Health for the purposes of epidemiologic investigations;

(14) the Department of Corrections for the purpose of case planning for preprobation and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders for the purpose of case planning; and

(15) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 19. Minnesota Statutes 2012, section 299C.11, subdivision 1, is amended to read:

Subdivision 1. **Identification data other than DNA.** (a) Each sheriff and chief of police shall furnish the bureau, upon such form as the superintendent shall prescribe, with such finger and thumb prints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data as may be requested or required by the superintendent of the bureau, which must be taken under the provisions of section 299C.10. In addition, sheriffs and chiefs of police shall furnish this identification data to the bureau for individuals found to have been convicted of a felony, gross misdemeanor, or targeted misdemeanor, within the ten years immediately preceding their arrest. When the bureau learns that an individual who is the subject of a background check has used, or is using, identifying information, including, but not limited to,

name and date of birth, other than those listed on the criminal history, the bureau may add the new identifying information to the criminal history when supported by fingerprints.

(b) No petition under chapter 609A is required if the person has not been convicted of any felony or gross misdemeanor, either within or without the state, within the period of ten years immediately preceding the determination of all pending criminal actions or proceedings in favor of the arrested person, and either of the following occurred:

- (1) all charges were dismissed prior to a determination of probable cause; or
- (2) the prosecuting authority declined to file any charges and a grand jury did not return an indictment.

Where these conditions are met, the bureau or agency shall, upon demand, ~~return to~~ destroy the arrested person finger and thumb prints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data, and all copies and duplicates of them.

(c) Except as otherwise provided in paragraph (b), upon the determination of all pending criminal actions or proceedings in favor of the arrested person, and the granting of the petition of the arrested person under chapter 609A, the bureau shall seal finger and thumb prints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data, and all copies and duplicates of them if the arrested person has not been convicted of any felony or gross misdemeanor, either within or without the state, within the period of ten years immediately preceding such determination.

Sec. 20. [299C.157] FORENSIC LABORATORIES.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "forensic analysis" means the application of scientific knowledge and methodology by an individual who:

(i) has or should have specialized training and utilizes standardized procedures to conduct examinations on items of evidence;

(ii) forms an opinion or conclusion based on the outcome of the procedure under item (i) and the individual's training, experience, or both, and writes a report including the individual's conclusions; and

(iii) has the potential to offer expert testimony of the individual's analysis in a court of law; and

(2) "forensic laboratory" means a publicly financed laboratory within the state that conducts forensic analysis on items of evidence that are part of or have the potential to be used in a criminal investigation.

Subd. 2. **Forensic laboratories; mandatory accreditation; posting on Web site.** (a) A forensic laboratory operating on or after January 1, 2014, must: (1) be accredited by the American Society of Crime Laboratory Directors/Laboratory Accreditation Board (ASCLD/LAB), or other accrediting body that requires conformance to standards for testing laboratories established by the International Organization for Standardization (ISO/IEC 17025) and the supplemental standards applicable to forensic laboratories developed by the International Laboratory Accreditation

Cooperative (ILAC); or (2) have begun the formal process of seeking accreditation under clause (1) and follow the standards necessary for accreditation.

(b) No forensic laboratory may operate on or after July 1, 2015, unless it is accredited as provided in paragraph (a).

(c) A forensic laboratory must forward to the commissioner of public safety copies of the laboratory's certificate of accreditation and scope of accreditation or an affirmation that the laboratory is in compliance with paragraph (a), clause (2). The commissioner shall post these items on the department's Web site.

Sec. 21. Minnesota Statutes 2012, section 299C.46, subdivision 1, is amended to read:

Subdivision 1. **Establishment; interconnection.** The commissioner of public safety shall establish a criminal justice data communications network ~~which that~~ will enable the interconnection of the criminal justice agencies within the state provide secure access to systems and services available from or through the Bureau of Criminal Apprehension. The commissioner of public safety is authorized to lease or purchase facilities and equipment as may be necessary to establish and maintain the data communications network.

Sec. 22. Minnesota Statutes 2012, section 299C.46, subdivision 2, is amended to read:

Subd. 2. **Criminal justice agency defined.** For the purposes of sections 299C.46 to 299C.49, "criminal justice agency" means an agency of the state or ~~an agency of a political subdivision or the federal government~~ charged with detection, enforcement, prosecution, adjudication or incarceration in respect to the criminal or traffic laws of this state. This definition also includes all sites identified and licensed as a detention facility by the commissioner of corrections under section 241.021 and those federal agencies that serve part or all of the state from an office located outside the state.

Sec. 23. Minnesota Statutes 2012, section 299C.46, subdivision 2a, is amended to read:

Subd. 2a. **Noncriminal justice agency defined.** For the purposes of sections 299C.46 to 299C.49, "noncriminal justice agency" means an agency of ~~a the state or an agency of a political subdivision of a the state~~ charged with the responsibility of performing checks of state databases connected to the criminal justice data communications network.

Sec. 24. Minnesota Statutes 2012, section 299C.46, subdivision 3, is amended to read:

Subd. 3. **Authorized use, fee.** (a) The criminal justice data communications network shall be used exclusively by:

- (1) criminal justice agencies in connection with the performance of duties required by law;
- (2) agencies investigating federal security clearances of individuals for assignment or retention in federal employment with duties related to national security, as required by ~~Public Law 99-169~~ United States Code, title 5, section 9101;
- (3) other agencies to the extent necessary to provide for protection of the public or property in an a declared emergency or disaster situation;
- (4) noncriminal justice agencies statutorily mandated, by state or national law, to conduct checks into state databases prior to disbursing licenses or providing benefits;

(5) the public authority responsible for child support enforcement in connection with the performance of its duties;

(6) the public defender, as provided in section 611.272; and

(7) a county attorney or the attorney general, as the county attorney's designee, for the purpose of determining whether a petition for the civil commitment of a proposed patient as a sexual psychopathic personality or as a sexually dangerous person should be filed, and during the pendency of the commitment proceedings;

(8) an agency of the state or a political subdivision whose access to systems or services provided from or through the bureau is specifically authorized by federal law or regulation or state statute; and

(9) a court for access to data as authorized by federal law or regulation or state statute and related to the disposition of a pending case.

(b) The commissioner of public safety shall establish a monthly network access charge to be paid by each participating criminal justice agency. The network access charge shall be a standard fee established for each terminal, computer, or other equipment directly addressable by the data communications network, as follows: January 1, 1984 to December 31, 1984, \$40 connect fee per month; January 1, 1985 and thereafter, \$50 connect fee per month.

(c) The commissioner of public safety is authorized to arrange for the connection of the data communications network with the criminal justice information system of the federal government, any adjacent state, or ~~Canada~~ country for the secure exchange of information for any of the purposes authorized in paragraph (a), clauses (1), (2), (3), (8) and (9).

(d) Prior to establishing a secure connection, a criminal justice agency must:

(1) agree to comply with all applicable policies governing access to, submission of or use of the data;

(2) meet the bureau's security requirements;

(3) agree to pay any required fees; and

(4) conduct fingerprint-based state and national background checks on their employees and contractors as required by the Federal Bureau of Investigation.

(e) Prior to establishing a secure connection, a noncriminal justice agency must:

(1) agree to comply with all applicable policies governing access to, submission of or use of the data;

(2) meet the bureau's security requirements;

(3) agree to pay any required fees; and

(4) conduct fingerprint-based state and national background checks on their employees and contractors.

(f) Those noncriminal justice agencies that do not have a secure network connection yet receive data either retrieved over the secure network by an authorized criminal justice agency or as a result of a state or federal criminal history records check shall conduct a background check

as provided in paragraph (g) of those individuals who receive and review the data to determine another individual's eligibility for employment, housing, a license, or another legal right dependent on a statutorily-mandated background check.

(g) The background check required by paragraph (e) or (f) is accomplished by submitting a request to the superintendent of the Bureau of Criminal Apprehension that includes a signed, written consent for the Minnesota and national criminal history records check, fingerprints, and the required fee. The superintendent may exchange the fingerprints with the Federal Bureau of Investigation for purposes of obtaining the individual's national criminal history record information.

The superintendent shall return the results of the national criminal history records check to the noncriminal justice agency to determine if the individual is qualified to have access to state and federal criminal history record information or the secure network. An individual is disqualified when the state and federal criminal history record information show any of the disqualifiers that the individual will apply to the records of others.

When the individual is to have access to the secure network, the noncriminal justice agency shall review the criminal history of each employee or contractor with the Criminal Justice Information Services systems officer at the bureau, or the officer's designee, to determine if the employee or contractor qualifies for access to the secure network. The Criminal Justice Information Services systems officer or the designee shall make the access determination based on Federal Bureau of Investigation policy and Bureau of Criminal Apprehension policy.

Sec. 25. [299C.72] MINNESOTA CRIMINAL HISTORY CHECKS.

Subdivision 1. **Definitions.** For purposes of this section the following terms have the meaning given.

(a) "Applicant for employment" means an individual who seeks either county or city employment or has applied to serve as a volunteer in the county or city.

(b) "Applicant for licensure" means the individual seeks a license issued by the county or city which is not subject to a federal- or state-mandated background check.

(c) "Authorized law enforcement agency" means the county sheriff for checks conducted for county purposes, the police department for checks conducted for city purposes, or the county sheriff for checks conducted for city purposes where there is no police department.

(d) "Criminal history check" means retrieval of criminal history data via the secure network described in section 299C.46.

(e) "Criminal history data" means adult convictions and adult open arrests less than one year old found in the Minnesota computerized criminal history repository.

(f) "Informed consent" has the meaning given in section 13.05, subdivision 4, paragraph (d).

Subd. 2. **Criminal history check authorized.** (a) The criminal history check authorized by this section shall not be used in place of a statutorily-mandated or authorized background check.

(b) An authorized law enforcement agency may conduct a criminal history check of an individual who is an applicant for employment or applicant for licensure. Prior to conducting the criminal history check, the authorized law enforcement agency must receive the informed consent of the individual.

(c) The authorized law enforcement agency shall not disseminate criminal history data and must maintain it securely with the agency's office. The authorized law enforcement agency can indicate whether the applicant for employment or applicant for licensure has a criminal history that would prevent hire, acceptance as a volunteer to a hiring authority, or would prevent the issuance of a license to the department that issues the license.

Sec. 26. Minnesota Statutes 2012, section 299F.035, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Minnesota criminal history data" has the meaning given in section 13.87 means adult convictions and juvenile adjudications.

(c) "Criminal justice agency" has the meaning given in section 299C.46, subdivision 2.

(d) "Fire department" has the meaning given in section 299N.01, subdivision 2.

(e) (d) "Private data" has the meaning given in section 13.02, subdivision 12.

Sec. 27. Minnesota Statutes 2012, section 299F.035, subdivision 2, is amended to read:

Subd. 2. **Plan for access to data.** (a) ~~The superintendent of the Bureau of Criminal Apprehension, in consultation with the state fire marshal, shall develop and implement a plan for fire departments to have access to criminal history data~~ A background check must be conducted on all applicants for employment and may be conducted on current employees at a fire department. The fire chief must conduct a Minnesota criminal history record check. For applicants for employment who have lived in Minnesota for less than five years, or on the request of the fire chief, a national criminal history record check must also be conducted.

(b) The plan must include:

(1) ~~security procedures to prevent unauthorized use or disclosure of private data; and~~

(2) ~~a procedure for the hiring or employing authority in each fire department to fingerprint job applicants or employees, submit requests to the Bureau of Criminal Apprehension, and obtain state and federal criminal history data reports for a nominal fee.~~

(b) For a Minnesota criminal history record check, the fire chief must either (i) submit the signed informed consent of the applicant or employee and the required fee to the superintendent, or (ii) submit the signed informed consent to the chief of police. The superintendent or chief of police must retrieve Minnesota criminal history data and provide it to the fire chief for review.

(c) For a national criminal history record check, the fire chief must submit the signed informed consent and fingerprints of the applicant or employee, and the required fee to the superintendent. The superintendent may exchange the fingerprints with the Federal Bureau of Investigation to obtain the individual's national criminal history record information. The superintendent must return the results of the national criminal history record check to the fire chief for the purpose of determining if the applicant is qualified to be employed or if a current employee is able to retain the employee's position.

Sec. 28. Minnesota Statutes 2012, section 299F.77, is amended to read:

299F.77 ISSUANCE TO CERTAIN PERSONS PROHIBITED.

Subdivision 1. **Disqualifiers.** The following persons shall not be entitled to receive an explosives license or permit:

(1) a person under the age of 18 years;

(2) a person who has been convicted in this state or elsewhere of a crime of violence, as defined in section 299F.72, subdivision 1b, unless ten years have elapsed since the person's civil rights have been restored or the sentence has expired, whichever occurs first, and during that time the person has not been convicted of any other crime of violence. For purposes of this section, crime of violence includes crimes in other states or jurisdictions that would have been crimes of violence if they had been committed in this state;

(3) a person who is or has ever been confined or committed in Minnesota or elsewhere as a person who is mentally ill, developmentally disabled, or mentally ill and dangerous to the public, as defined in section 253B.02, to a treatment facility, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof, that the person is no longer suffering from this disability;

(4) a person who has been convicted in Minnesota or elsewhere for the unlawful use, possession, or sale of a controlled substance other than conviction for possession of a small amount of marijuana, as defined in section 152.01, subdivision 16, or who is or has ever been hospitalized or committed for treatment for the habitual use of a controlled substance or marijuana, as defined in sections 152.01 and 152.02, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof, that the person has not abused a controlled substance or marijuana during the previous two years; and

(5) a person who has been confined or committed to a treatment facility in Minnesota or elsewhere as chemically dependent, as defined in section 253B.02, unless the person has completed treatment.

Subd. 2. **Background check.** (a) For licenses issued by the commissioner under section 299F.73, the applicant for licensure must provide the commissioner with all of the information required by Code of Federal Regulations, title 28, section 25.7. The commissioner shall forward the information to the superintendent of the Bureau of Criminal Apprehension so that criminal records, histories and warrant information on the applicant can be retrieved from the Minnesota Crime Information System and the National Instant Criminal Background Check System as well as the civil commitment records maintained by the Department of Human Services. The results must be returned to the commissioner to determine if the individual applicant is qualified to receive a license.

(b) For permits issued by a county sheriff or chief of police under section 299F.75, the applicant for a permit must provide the county sheriff or chief of police with all of the information required by Code of Federal Regulations, title 28, section 25.7. The county sheriff or chief of police must check, by means of electronic data transfer, criminal records, histories and warrant information on each applicant through the Minnesota Crime Information System and the National Instant Criminal Background Check System as well as the civil commitment records maintained by the Department of

Human Services. The county sheriff or chief of police shall use the results of the query to determine if the individual applicant is qualified to receive a permit.

Sec. 29. Minnesota Statutes 2012, section 340A.301, subdivision 2, is amended to read:

Subd. 2. **Persons eligible.** (a) Licenses under this section may be issued only to a person who:

(1) is of good moral character and repute;

(2) is 21 years of age or older;

(3) has not had a license issued under this chapter revoked within five years of the date of license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested; and

(4) has not been convicted within five years of the date of license application of a felony, or of a willful violation of a federal or state law, or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of alcoholic beverages. The Alcohol and Gambling Enforcement Division may require that fingerprints be taken and may forward the fingerprints to the Federal Bureau of Investigation for purposes of a criminal history check.

(b) In order to determine if an individual has a felony or willful violation of federal or state law governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage, the applicant for a license to manufacture or sell at wholesale must provide the commissioner with their signed, written informed consent to conduct a background check. The commissioner may query the Minnesota criminal history repository for records on the applicant. If the commissioner conducts a national criminal history record check, the commissioner must obtain fingerprints from the applicant and forward them and the required fee to the superintendent of the Bureau of Criminal Apprehension. The superintendent may exchange the fingerprints with the Federal Bureau of Investigation for purposes of obtaining the applicant's national criminal history record information. The superintendent shall return the results of the national criminal history records check to the commissioner for the purpose of determining if the applicant is qualified to receive a license.

Sec. 30. Minnesota Statutes 2012, section 340A.402, is amended to read:

340A.402 PERSONS ELIGIBLE.

Subdivision 1. **Disqualifiers.** No retail license may be issued to:

(1) a person under 21 years of age;

(2) a person who has had an intoxicating liquor or 3.2 percent malt liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(3) a person not of good moral character and repute; or

(4) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage. The Alcohol and Gambling Enforcement Division or licensing authority may require that fingerprints be taken and forwarded to the Federal Bureau of Investigation for purposes of a criminal history check.

Subd. 2. **Background check.** (a) A retail liquor license may be issued by a city, a county, or the commissioner. The chief of police is responsible for the background checks prior to a city issuing a retail liquor license. A county sheriff is responsible for the background checks prior to the county issuing a retail liquor license and for those cities that do not have a police department. The commissioner is responsible for the background checks prior to the state issuing a retail liquor license.

(b) The applicant for a retail license must provide the appropriate authority with their signed, written informed consent to conduct a background check. The appropriate authority is authorized to query the Minnesota criminal history repository for records on the applicant. If the appropriate authority conducts a national criminal history record check, the appropriate authority must obtain fingerprints from the applicant and forward them and the required fee to the superintendent of the Bureau of Criminal Apprehension. The superintendent may exchange the fingerprints with the Federal Bureau of Investigation for purposes of obtaining the applicant's national criminal history record information. The superintendent shall return the results of the national criminal history records check to the appropriate authority for the purpose of determining if the applicant is qualified to receive a license.

Sec. 31. Minnesota Statutes 2012, section 626.556, subdivision 7, is amended to read:

Subd. 7. Report; information provided to parent. (a) An oral report shall be made immediately by telephone or otherwise. An oral report made by a person required under subdivision 3 to report shall be followed within 72 hours, exclusive of weekends and holidays, by a report in writing to the appropriate police department, the county sheriff, the agency responsible for assessing or investigating the report, or the local welfare agency, unless the appropriate agency has informed the reporter that the oral information does not constitute a report under subdivision 10. The local welfare agency shall determine if the report is accepted for an assessment or investigation as soon as possible but in no event longer than 24 hours after the report is received. Any report shall be of sufficient content to identify the child, any person believed to be responsible for the abuse or neglect of the child if the person is known, the nature and extent of the abuse or neglect and the name and address of the reporter. If requested, the local welfare agency or the agency responsible for assessing or investigating the report shall inform the reporter within ten days after the report is made, either orally or in writing, whether the report was accepted for assessment or investigation. Written reports received by a police department or the county sheriff shall be forwarded immediately to the local welfare agency or the agency responsible for assessing or investigating the report. The police department or the county sheriff may keep copies of reports received by them. Copies of written reports received by a local welfare department or the agency responsible for assessing or investigating the report shall be forwarded immediately to the local police department or the county sheriff.

(b) Notwithstanding paragraph (a), the commissioner of education must inform the parent, guardian, or legal custodian of the child who is the subject of a report of alleged maltreatment in a school facility within ten days of receiving the report, either orally or in writing, whether the commissioner is assessing or investigating the report of alleged maltreatment.

(c) Regardless of whether a report is made under this subdivision, as soon as practicable after a school receives information regarding an incident that may constitute maltreatment of a child in a school facility, the school shall inform the parent, legal guardian, or custodian of the child that an incident has occurred that may constitute maltreatment of the child, when the incident occurred, and the nature of the conduct that may constitute maltreatment.

(d) A written copy of a report maintained by personnel of agencies, other than welfare or law enforcement agencies, which are subject to chapter 13 shall be confidential. An individual subject of the report may obtain access to the original report as provided by subdivision 11.

Sec. 32. NEWBORN SCREENING TEST RESULTS POSTPONEMENT.

Notwithstanding Minnesota Statutes, section 144.125, subdivision 6, and section 13.386, and Laws 2012, chapter 292, article 4, section 22, the test results collected on or after November 16, 2011, shall not be destroyed subject to the schedule under Minnesota Statutes, section 144.125, prior to June 1, 2014. A parent or legal guardian may provide a signed and dated form requesting destruction of the test results. The commissioner shall comply with the request within one month of receipt of the request or within one month of the standard retention period for test results, whichever is later.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 33. NEWBORN SCREENING PROGRAM STUDY.

(a) The commissioner of health, in consultation with the medical research and advocacy groups identified in paragraph (b), shall review the newborn screening programs in Minnesota Statutes, section 144.125, and evaluate the scientific and medical validity of a comprehensive and sustainable long-term storage and use plan for the test results under Minnesota Statutes, section 144.125. The commissioner shall consider the following:

(1) peer-reviewed medical research into the diagnosis and treatment of heritable and congenital disease;

(2) strategies for education of parents and families about the utility of advancing new knowledge through research on blood spots and test data made possible by long-term storage and use;

(3) plans and protocols for clinical and research access to test result data;

(4) minimizing the administrative burden on hospitals and health care providers in the operation of the newborn screening program;

(5) the adequacy of current law on the standard retention period for test results under Minnesota Statutes, section 144.125, subdivision 6; and

(6) privacy concerns associated with parental consent options and long-term storage and use of blood samples and test data.

(b) As part of the evaluation, the commissioner shall consult with medical research and data privacy experts, including, but not limited to, specialists in metabolic care, immunology, pediatrics, epidemiology, nutrition, pulmonology, cardiology, endocrinology, hematology, hearing care, and medical genetics, as well as patient advocacy and data privacy groups.

(c) By February 1, 2014, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with primary jurisdiction on health and human services and data privacy on comprehensive and sustainable long-term storage and usage of the test results.

(d) The commissioner shall conduct the evaluation required under this section within existing appropriations.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 34. **REPEALER.**

Minnesota Statutes 2012, section 299A.28, is repealed."

Delete the title and insert:

"A bill for an act relating to state government; classifying or modifying certain provisions concerning data practices; requiring informed consent; amending definitions; allowing disclosure of certain data; allowing access to certain records; making technical changes; modifying certain provisions regarding transportation and health data; modifying certain provisions regarding criminal history records, criminal background checks, and other criminal justice data provisions; extending for six years the sunset provision for the newborn screening advisory committee; providing for accreditation of forensic laboratories; repealing the McGruff safe house program; amending Minnesota Statutes 2012, sections 13.37, subdivision 1; 13.386, subdivision 3; 13.43, subdivisions 2, 14; 13.64, subdivision 2; 13.72, subdivision 10, by adding subdivisions; 144.966, subdivisions 2, 3, 4, by adding subdivisions; 171.07, subdivision 1a; 268.19, subdivision 1; 299C.11, subdivision 1; 299C.46, subdivisions 1, 2, 2a, 3; 299F.035, subdivisions 1, 2; 299F.77; 340A.301, subdivision 2; 340A.402; 626.556, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 13; 144; 299C; repealing Minnesota Statutes 2012, section 299A.28."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 735: A bill for an act relating to state government; authorizing grants to private nonprofit entities that assist in dispute resolution; appropriating money; amending Minnesota Statutes 2012, section 179.02, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 1373: A bill for an act relating to agriculture; establishing the Minnesota agricultural water quality certification pilot program; requiring reports; amending Minnesota Statutes 2012, section 13.6435, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 17.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Lutz from the Committee on Judiciary, to which was re-referred

S.F. No. 473: A bill for an act relating to health; requiring screening of newborns for critical congenital heart disease; proposing coding for new law in Minnesota Statutes, chapter 144.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Lutz from the Committee on Judiciary, to which was re-referred

S.F. No. 324: A bill for an act relating to the state auditor; requiring employees and officers of local public pension plans to report unlawful actions; amending Minnesota Statutes 2012, section 609.456, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Lutz from the Committee on Judiciary, to which was referred

S.F. No. 712: A bill for an act relating to public safety; providing enhanced penalties for causing the death of or assaulting a prosecuting attorney; amending Minnesota Statutes 2012, sections 609.185; 609.221, subdivision 2; 609.2231, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 609.185, is amended to read:

609.185 MURDER IN THE FIRST DEGREE.

(a) Whoever does any of the following is guilty of murder in the first degree and shall be sentenced to imprisonment for life:

(1) causes the death of a human being with premeditation and with intent to effect the death of the person or of another;

(2) causes the death of a human being while committing or attempting to commit criminal sexual conduct in the first or second degree with force or violence, either upon or affecting the person or another;

(3) causes the death of a human being with intent to effect the death of the person or another, while committing or attempting to commit burglary, aggravated robbery, kidnapping, arson in the first or second degree, a drive-by shooting, tampering with a witness in the first degree, escape from custody, or any felony violation of chapter 152 involving the unlawful sale of a controlled substance;

(4) causes the death of a peace officer, prosecuting attorney, judge, the commissioner of corrections, or a guard employed at a Minnesota state or local correctional facility, with intent to effect the death of that person or another, while the ~~peace officer or guard~~ person is engaged in the performance of official duties;

(5) causes the death of a minor while committing child abuse, when the perpetrator has engaged in a past pattern of child abuse upon a child and the death occurs under circumstances manifesting an extreme indifference to human life;

(6) causes the death of a human being while committing domestic abuse, when the perpetrator has engaged in a past pattern of domestic abuse upon the victim or upon another family or household member and the death occurs under circumstances manifesting an extreme indifference to human life; or

(7) causes the death of a human being while committing, conspiring to commit, or attempting to commit a felony crime to further terrorism and the death occurs under circumstances manifesting an extreme indifference to human life.

(b) For the purposes of paragraph (a), clause (4), "prosecuting attorney" has the meaning given in section 609.221, subdivision 2, paragraph (c), clause (4).

(c) For the purposes of paragraph (a), clause (4), "judge" has the meaning given in section 609.221, subdivision 2, paragraph (c), clause (5).

~~(b)~~ (d) For purposes of paragraph (a), clause (5), "child abuse" means an act committed against a minor victim that constitutes a violation of the following laws of this state or any similar laws of the United States or any other state: section 609.221; 609.222; 609.223; 609.224; 609.2242; 609.342; 609.343; 609.344; 609.345; 609.377; 609.378; or 609.713.

~~(e)~~ (e) For purposes of paragraph (a), clause (6), "domestic abuse" means an act that:

(1) constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.2242, 609.342, 609.343, 609.344, 609.345, 609.713, or any similar laws of the United States or any other state; and

(2) is committed against the victim who is a family or household member as defined in section 518B.01, subdivision 2, paragraph (b).

~~(d)~~ (f) For purposes of paragraph (a), clause (7), "further terrorism" has the meaning given in section 609.714, subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2012, section 609.221, subdivision 2, is amended to read:

Subd. 2. Use of deadly force against peace officer, prosecuting attorney, judge, or correctional employee. (a) Whoever assaults a peace officer, prosecuting attorney, judge, or correctional employee by using or attempting to use deadly force against the officer, attorney, judge, or employee while the ~~officer or employee person~~ is engaged in the performance of a duty imposed by law, policy, or rule may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$30,000, or both.

(b) A person convicted of assaulting a peace officer, prosecuting attorney, judge, or correctional employee as described in paragraph (a) shall be committed to the commissioner of corrections for not less than ten years, nor more than 20 years. A defendant convicted and sentenced as required by this paragraph is not eligible for probation, parole, discharge, work release, or supervised release, until that person has served the full term of imprisonment as provided by law, notwithstanding

the provisions of sections 241.26, 242.19, 243.05, 244.04, 609.12, and 609.135. Notwithstanding section 609.135, the court may not stay the imposition or execution of this sentence.

(c) As used in this subdivision:

(1) "correctional employee" means an employee of a public or private prison, jail, or workhouse;

(2) "deadly force" has the meaning given in section 609.066, subdivision 1; ~~and~~

(3) "peace officer" has the meaning given in section 626.84, subdivision 1;

(4) "prosecuting attorney" means an attorney, with criminal prosecution or civil responsibilities, who is the attorney general, a political subdivision's elected or appointed county or city attorney, or a deputy, assistant, or special assistant of any of these; and

(5) "judge" means a judge or justice of any court of this state that is established by the Minnesota Constitution.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2012, section 609.2231, subdivision 3, is amended to read:

Subd. 3. **Correctional employees; prosecuting attorneys; judges; probation officers.** Whoever commits either of the following acts against an employee of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), against a prosecuting attorney as defined in section 609.221, subdivision 2, paragraph (c), clause (4), against a judge as defined in section 609.221, subdivision 2, paragraph (c), clause (5), or against a probation officer or other qualified person employed in supervising offenders while the ~~employee, officer, or~~ person is engaged in the performance of a duty imposed by law, policy, or rule is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$4,000, or both:

(1) assaults the ~~employee~~ person and inflicts demonstrable bodily harm; or

(2) intentionally throws or otherwise transfers bodily fluids or feces at or onto the ~~employee~~ person.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to crimes committed on or after that date."

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 768: A bill for an act relating to civil actions; prohibiting waivers of liability for negligent conduct; proposing coding for new law in Minnesota Statutes, chapter 604.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [604.055] WAIVER OF LIABILITY FOR NEGLIGENT CONDUCT.

(a) An agreement between parties that purports to release, limit, or waive the liability of one party for damage arising out of the negligent operation, maintenance, or design of that party's premises is against public policy and void and unenforceable to the extent the agreement applies to injury resulting in:

- (1) a very serious impairment of an important bodily function;
- (2) disability for 60 days or more; or
- (3) death.

The agreement is severable from a waiver of liability for injuries resulting from the risk inherent in a particular activity or for injuries not described in clauses (1) to (3).

(b) This section does not prevent a court from finding that an agreement is void and unenforceable as against public policy on other grounds or under other law.

(c) For purposes of this section, "party" or "parties" includes a person, agent, servant or employee of that party or parties, and includes a minor or another who is authorized to sign or accept the agreement on behalf of the minor. "Disability" means the inability to engage in substantially all of the injured person's usual and customary daily activities.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to agreements first signed or accepted on or after that date."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 870: A bill for an act relating to the legislative auditor; providing for financial and data security audits; requiring certain notice to the legislative auditor; amending Minnesota Statutes 2012, section 3.971, subdivision 6, by adding subdivisions.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Finance without recommendation. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 411: A bill for an act relating to real property; creating a notice requirement for sellers in real estate sales for contracts for deed; creating a civil action remedy for violations of the notice requirements for contracts for deed; amending Minnesota Statutes 2012, sections 82.55, subdivision 19; 507.235, subdivision 2; 559.211, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 559; repealing Minnesota Statutes 2012, section 507.235, subdivision 4.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 507.235, subdivision 2, is amended to read:

Subd. 2. **Penalty for failure to file.** (a) A vendee who fails to record a contract for deed, as required by subdivision 1, is subject to a civil penalty, payable under subdivision 5, equal to two percent of the principal amount of the contract debt, unless the vendee has not received a copy of

the contract for deed in recordable form, as required under subdivision 1a. Payments of the penalty shall be deposited in the general fund of the county. The penalty may be enforced as a lien against the vendee's interest in the property.

(b) A person receiving an assignment of a vendee's interest in a contract for deed who fails to record the assignment as required by subdivision 1 is subject to a civil penalty, payable under subdivision 5, equal to two percent of the original principal amount of the contract debt. Payments of the penalty must be deposited in the general fund of the county. The penalty may be enforced as a lien against the vendee's interest in the property.

Sec. 2. **[559.201] DEFINITIONS.**

Subdivision 1. **Application.** The definitions in this section apply to section 559.202.

Subd. 2. **Business day.** "Business day" means any day other than a Saturday, Sunday, or holiday as defined in section 645.44, subdivision 5.

Subd. 3. **Family farm security loan.** "Family farm security loan" has the meaning given in Minnesota Statutes 2008, section 41.52, subdivision 5.

Subd. 4. **Multiple seller.** "Multiple seller" means a person that has acted as a seller in four or more contracts for deed involving residential real property during the 12-month period that precedes:

(1) the date on which the purchaser executes a purchase agreement under section 559.202; or

(2) if there is no purchase agreement, the date on which the purchaser executes a contract for deed under section 559.202.

A contract for deed transaction that is exempt under section 559.202, subdivision 2, is a contract for deed transaction for purposes of determining whether a seller is a multiple seller.

Subd. 5. **Person.** "Person" means a natural person, partnership, corporation, limited liability company, association, trust, or other legal entity, however organized.

Subd. 6. **Purchase agreement.** "Purchase agreement" means a purchase agreement for a contract for deed, an earnest money contract, or an executed option contemplating that, at closing, the seller and the purchaser will enter into a contract for deed.

Subd. 7. **Purchaser.** "Purchaser" means a natural person who enters into a contract for deed to purchase residential real property. Purchaser includes all purchasers who enter into the same contract for deed to purchase residential real property.

Subd. 8. **Residential real property.** "Residential real property" means real property consisting of one to four family dwelling units, one of which the purchaser intends to occupy as the purchaser's principal place of residence. Residential real property does not include property subject to a family farm security loan or a transaction subject to sections 583.20 to 583.32.

Sec. 3. **[559.202] CONTRACTS FOR DEED INVOLVING RESIDENTIAL PROPERTY.**

Subdivision 1. **Notice.** (a) In addition to the disclosures required under sections 513.52 to 513.60, a multiple seller must deliver the notice under subdivision 3 to a prospective purchaser as provided under this subdivision.

(b) If there is a purchase agreement, the notice must be affixed to the front of the purchase agreement. A contract for deed for which notice is required under this subdivision may not be executed for five business days following the execution of the purchase agreement and delivery of the notice and instructions for cancellation.

(c) If there is no purchase agreement, a multiple seller must deliver the notice in a document separate from any other document or writing to a prospective purchaser no less than five business days before the prospective purchaser executes the contract for deed.

(d) The notice must be:

- (1) written in at least 12-point type; and
- (2) signed and dated by the purchaser.

(e) If a dispute arises concerning whether or when the notice required by this subdivision was provided to the purchaser, there is a rebuttable presumption that the notice was not provided unless the original executed contract for deed contains the following statement, initialed by the purchaser: "By initialing here purchaser acknowledges receipt at least five business days before signing this contract for deed of the disclosure statement entitled "Important Information About Contracts for Deed" required by Minnesota Statutes, section 559.202, subdivision 3."

Subd. 2. **Exemption.** This section does not apply if the purchaser is represented throughout the transaction by either:

- (1) a person licensed to practice law in this state; or
- (2) a person licensed as a real estate broker or salesperson under chapter 82, provided that the representation does not create a dual agency, as that term is defined in section 82.55, subdivision 6.

Subd. 3. **Content of the notice.** The notice must contain the following verbatim language:

"IMPORTANT INFORMATION ABOUT CONTRACTS FOR DEED

Know What You Are Getting Into

(1) A contract for deed is a complex legal agreement. You are NOT a tenant. Mortgage foreclosure laws do not apply.

(2) You should know ALL of your obligations and rights before you sign a purchase agreement or contract for deed.

(3) You (seller must circle one):

- (i) DO DO NOT have to pay homeowner's insurance.
- (ii) DO DO NOT have to pay property taxes.
- (iii) DO DO NOT have to make and pay for some or all of the repairs or maintenance, as described in the contract for deed.

(4) After some time, you may need to make a large lump sum payment (called a "balloon payment"). Know when it is due and how much it will be. You will probably need to get a new mortgage, another financial arrangement, or pay for the balance in cash at that time.

(5) If you miss just a single payment or can't make the balloon payment, the seller can cancel your contract. You will likely lose all the money you have already paid. You will likely lose your ability to purchase the home. The seller can begin an eviction action against you in just a few months.

(6) Within four months of signing the contract for deed, you must "record" it in the office of the county recorder or registrar of titles in the county in which the property is located. If you do not, you could face a fine.

Key Things Highly Recommended Before You Sign

(1) Get advice from a lawyer or the Minnesota Home Ownership Center at 1-866-462-6466. To find a lawyer through the Minnesota State Bar Association, go to www.mnfindalawyer.com.

(2) Get an independent, professional appraisal of the property to find out how much it is worth.

(3) Get an independent, professional inspection of the property.

(4) Buy title insurance or ask a real estate lawyer for a "title opinion."

(5) Check with the city or county to find out if there are inspection reports or unpaid utility bills.

(6) Check with a title company or the county where the property is located to find out if there is a mortgage or other lien on the property, and if the property taxes have been paid.

If You Are Entering into a Purchase Agreement

(1) If you have not already signed the contract for deed, you can cancel the purchase agreement (and get all your money back) if you do so within five business days after getting this notice.

(2) To cancel the purchase agreement, you must follow the provisions of section 559.217, subdivision 4. Ask a lawyer for help."

Subd. 4. **Right to cancel purchase agreement.** (a) A prospective purchaser may cancel a purchase agreement within five business days after actually receiving the notice required under subdivision 1 if a multiple seller fails to timely deliver the notice, provided that the contract for deed has not been executed by all parties.

(b) A prospective purchaser may cancel the purchase agreement in accordance with the provisions of section 559.217, subdivision 4.

(c) In the event of cancellation, the multiple seller may not impose a penalty and must promptly refund all payments made by the prospective purchaser prior to cancellation.

Subd. 5. **Remedies for failure to timely deliver notices.** (a) Notwithstanding any contrary provision in the purchase agreement or the contract for deed, a purchaser has a private right of action against a multiple seller who fails to timely deliver the notice required under subdivision 1. The multiple seller is liable to the purchaser for: (1) the greater of actual damages or statutory damages of \$2,500; and (2) reasonable attorney fees and court costs.

(b) A multiple seller who knowingly fails to timely deliver the notice required under subdivision 1 is liable to the purchaser for triple the actual or statutory damages available under paragraph (a), whichever is greater, provided that the purchaser must elect the remedy provided under either paragraph (a) or this paragraph and may not recover under both paragraphs.

(c) The rights and remedies provided in this subdivision are cumulative to, and not a limitation of, any other rights and remedies provided under law. An action brought under this subdivision must be commenced within four years from the date of the alleged violation.

Subd. 6. **Effect of violation.** A violation of this section has no effect on the validity of the contract.

Subd. 7. **Duty of multiple seller to account.** Upon reasonable request by the purchaser, and no more than once per every 12-month period, a multiple seller must provide an accounting of all payments made pursuant to the contract for deed, the amount of interest paid, and the amount remaining to satisfy the principal balance under the contract.

Subd. 8. **No waiver.** The provisions of this section may not be waived.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to transactions in which the contract for deed and the purchase agreement for the contract for deed, if any, were executed on or after that date.

Sec. 4. **REPEALER.**

Minnesota Statutes 2012, section 507.235, subdivision 4, is repealed.

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

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 1305: A bill for an act relating to transportation; bridges; providing for disposition of remnant steel of I-35W bridge; proposing coding for new law in Minnesota Statutes, chapter 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 1455: A bill for an act relating to public safety; providing access to court services, detention, and corrections data for domestic fatality review teams; amending Minnesota Statutes 2012, section 611A.203, subdivision 4.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 17, delete the new language

Amend the title as follows:

Page 1, line 2, delete "court services," and delete the second comma

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was referred

S.F. No. 489: A bill for an act relating to retirement; former local police and paid fire relief associations; revising and repealing various statutes to reflect the recent mergers of local police

and salaried firefighter relief associations and consolidation accounts with the public employees police and fire retirement plan; amending Minnesota Statutes 2012, sections 6.495, subdivisions 1, 3; 6.67; 13D.01, subdivision 1; 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.77, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771, subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381; 353.01, subdivisions 2a, 2b, 6, 10, 16; 353.64, subdivision 1a; 353.659; 353.665, subdivisions 1, 5, 8; 353.71, subdivision 1; 356.20, subdivision 2; 356.215, subdivision 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.406, subdivision 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4; 424A.02, subdivision 9; 475.52, subdivision 6; repealing Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14; 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; 423A.22.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE BOARD OF INVESTMENT PROVISIONS

Section 1. Minnesota Statutes 2012, section 11A.24, subdivision 1, is amended to read:

Subdivision 1. **Securities generally.** (a) The state board is authorized to purchase, sell, lend, and exchange the securities specified in this section, for funds or accounts specifically made subject to this section, including puts and call options ~~and~~ future contracts, and swap contracts that are traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations as specified in this section.

(b) Any agreement to lend securities must be concurrently collateralized with cash or securities with a market value of not less than 100 percent of the market value of the loaned securities at the time of the agreement. Any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. Only securities authorized by this section, excluding those under subdivision 6, paragraph (a), clauses (1) to (3), may be accepted as collateral or offsetting securities.

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

ARTICLE 2

MSRS ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2012, section 3.85, subdivision 10, is amended to read:

Subd. 10. **Standards for pension valuations and cost estimates.** The commission shall adopt standards prescribing specific detailed methods to calculate, evaluate, and display current and proposed law liabilities, costs, and actuarial equivalents of all public employee pension plans in Minnesota. These standards shall be consistent with chapter 356 and be updated annually. At a minimum, the standards must not shall contain a valuation requirement requirements that is inconsistent comply with generally accepted accounting principles applicable to government pension plans. The standards may include additional financial, funding, or valuation requirements that are not required under generally accepted accounting principles applicable to government pension plans.

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

Sec. 2. Minnesota Statutes 2012, section 3A.011, is amended to read:

3A.011 ADMINISTRATION OF PLAN PLANS.

The executive director and the board of directors of the Minnesota State Retirement System shall administer the legislators retirement plan plans specified in accordance this chapter consistent with this chapter and chapter chapters 356 and 356A.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 3A.03, subdivision 3, is amended to read:

Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special retirement fund, is created within the state treasury and must be credited with assets equal to the participation of the legislators retirement plan in the Minnesota postretirement investment fund as of June 30, 2009, and any investment proceeds on those assets. The legislators retirement fund must be credited with any investment proceeds on the assets of the retirement fund.

(b) The payment of annuities under section 3A.115, paragraph (b), is appropriated from the legislators retirement fund.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 3A.07, is amended to read:

3A.07 APPLICATION.

(a) Except as provided in paragraph (b) and section 3A.17, this chapter applies to members of the legislature in service after July 1, 1965, who otherwise meet the requirements of this chapter.

(b) Members of the legislature who were elected for the first time after June 30, 1997, or members of the legislature who were elected before July 1, 1997, and who, after July 1, 1998, elect not to be members of the plan established by this chapter are covered by the unclassified employees retirement program governed by chapter 352D.

(c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable and must be made on a form prescribed by the director. The second chance referendum election under Laws 2002, chapter 392, article 15, also is irrevocable.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 3A.115, is amended to read:

3A.115 RETIREMENT ALLOWANCE APPROPRIATION; POSTRETIREMENT ADJUSTMENT.

(a) The amount necessary to fund the retirement allowance granted under this chapter to a former legislator retiring after June 30, 2003, or to that legislator's survivor, and the retirement allowance granted under section 3A.17 to a former constitutional officer or the survivor of that constitutional officer is appropriated from the general fund to the director to pay pension obligations due to the retiree.

(b) The amount necessary to fund the retirement allowance granted under this chapter to a former legislator retiring before July 1, 2003, must be paid from the legislators retirement fund created under section 3A.03, subdivision 3, until the assets of the fund are exhausted and at that time, the amount necessary to fund the retirement allowances under this paragraph is appropriated from the general fund to the director to pay pension obligations to the retiree and survivor.

(c) Retirement allowances payable to retired legislators and their survivors under this chapter must be adjusted as provided in sections 3A.02, subdivision 6, and 356.415.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 3A.13, is amended to read:

3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM DEDUCTION.

(a) The provisions of section 356.401 apply to the ~~legislators retirement plan~~ plans specified in this chapter.

(b) The executive director of the Minnesota State Retirement System must, at the request of a retired legislator or constitutional officer who is enrolled in a health insurance plan covering state employees, deduct the person's health insurance premiums from the person's annuity and transfer the amount of the premium to a health insurance carrier covering state employees.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. Minnesota Statutes 2012, section 3A.15, is amended to read:

3A.15 ~~COORDINATED PROGRAM~~ PROGRAMS OF THE LEGISLATORS RETIREMENT PLAN.

~~The coordinated program of the legislators retirement plan is created.~~ The provisions of sections 3A.01 to 3A.13 apply to the coordinated ~~program~~ and basic programs of the legislators retirement plan.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 8. **3A.17] CONSTITUTIONAL OFFICERS.**

Subdivision 1. **Application.** (a) This section specifies the retirement plan applicable to a former constitutional officer who was first elected to a constitutional office after July 1, 1967, and before July 1, 1997. The plan includes the applicable portions of chapters 352C and 356 in effect on the date on which the person terminated active service as a constitutional officer.

(b) Nothing in this section, this act, or Laws 2006, chapter 271, article 10, section 33, subdivision 2, is intended to increase or reduce the benefits of former constitutional officers or their survivors or to adversely modify their eligibility for benefits in effect as of June 30, 2012.

Subd. 2. **Benefit adjustments.** Retirement allowances payable to retired constitutional officers and surviving spouse benefits payable must be adjusted under section 356.415.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 9. Minnesota Statutes 2012, section 352.01, subdivision 17b, is amended to read:

Subd. 17b. **Duty disability, physical or psychological.** "Duty disability, physical or psychological," for a correctional employee, means an occupational disability that is the direct result of an injury incurred during, or a disease arising out of, the performance of normal duties or the performance of less frequent duties either of which are present inherent dangers specific to the correctional employee.

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

Sec. 10. Minnesota Statutes 2012, section 352.03, subdivision 8, is amended to read:

Subd. 8. **Medical adviser.** ~~The state commissioner of health or other executive director may contract with an accredited independent organization specializing in disability determinations, licensed physician physicians, or physicians on the staff of the commissioner of health as designated by the commissioner may designate shall, to be the medical adviser of to the director system.~~

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

Sec. 11. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision to read:

Subd. 3a. **Contribution rate revision; general state employees retirement plan.** (a) Notwithstanding the contribution rates stated in plan law, the employee and employer contribution rates for the general state employees retirement plan must be adjusted:

(1) if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates must be decreased as determined under paragraph (b) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or

(2) if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the employee and employer contribution rates must be increased as determined under paragraph (c) to a level such that no deficiency exists based on the most recent actuarial valuation.

(b) If the actuarially required contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates must be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this paragraph has been fully implemented.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the employee and employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:

(1) less than two percent, the incremental increase may be up to 0.25 percent each for the employee and employer contribution rates;

(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent each for the employee and employer contribution rates; or

(3) greater than four percent, the incremental increase may be up to 0.75 percent each for the employee and employer contribution.

(d) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. The report must include draft legislation to revise the employee and employer contributions stated in plan law. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.

(e) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions.

(f) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(g) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an automatic adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

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

Sec. 12. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision to read:

Subd. 3b. Contribution rate revision; correctional state employees retirement plan and State Patrol retirement plan. (a) Subdivision 3a applies to the correctional state employees

retirement plan under this chapter and to the State Patrol retirement plan established under chapter 352B, except as stated in this subdivision.

(b) Any limitations on the amount of contribution rate changes stated in subdivision 3a apply only to the amount of the employee contribution revision. The employer contribution for the correctional state employees retirement plan or the State Patrol retirement plan, whichever is applicable, must be adjusted so that the employer contribution is equal to 60 percent of the sum of employee plus employer contributions.

(c) For the State Patrol retirement plan, a contribution sufficiency of up to two percent of covered payroll, rather than one percent, may be held in reserves without taking action to reduce employee and employer contributions.

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

Sec. 13. Minnesota Statutes 2012, section 352.113, subdivision 4, is amended to read:

Subd. 4. **Medical or psychological examinations; authorization for payment of benefit.** (a) Any physician, psychologist, chiropractor, or physician assistant providing any service specified in this section must be licensed.

(b) An applicant shall provide ~~medical, chiropractic, or psychological~~ a detailed report signed by a physician, and at least one additional report signed by a physician, chiropractor, psychologist, or physician assistant with evidence to support an application for total and permanent disability.

(b) ~~The director shall have the employee examined by at least one additional licensed chiropractor, physician, or psychologist designated by the medical adviser. The chiropractors, physicians, or psychologists shall make written reports to the director concerning the employee's disability including must include an expert opinions as to opinion regarding whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17, and that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service.~~

(c) If there is medical evidence that supports the expectation that at some point the person applying for the disability benefit will no longer be disabled, the decision granting the disability benefit may provide for a termination date upon which the total and permanent disability can be expected to no longer exist. When a termination date is part of the decision granting benefits, prior to the benefit termination the executive director shall review any evidence provided by the disabled employee to show that the disabling condition for which benefits were initially granted continues. If the benefits cease, the disabled employee may follow the appeal procedures described in section 356.96 or may reapply for disability benefits using the process described in this subdivision.

(d) Any claim to disability must be supported by a report from the employer indicating that there is no available work that the employee can perform with the disabling condition and that all reasonable accommodations have been considered. Upon request of the executive director, an employer shall provide evidence of the steps the employer has taken to attempt to provide reasonable accommodations and continued employment to the claimant.

(e) (e) The director shall also obtain written certification from the employer stating whether the employment has ceased or whether the employee is on sick leave of absence because of a disability

that will prevent further service to the employer and ~~as a consequence~~ that the employee is not entitled to compensation from the employer.

~~(d)~~ (f) The medical adviser shall consider the reports of the physicians, physician assistants, psychologists, and chiropractors and any other evidence supplied by the employee or other interested parties. If the medical adviser finds the employee totally and permanently disabled, the adviser shall make appropriate recommendation to the director in writing together with the date from which the employee has been totally disabled. The director shall then determine if the disability occurred within 18 months of filing the application, while still in the employment of the state, and the propriety of authorizing payment of a disability benefit as provided in this section.

~~(e)~~ (g) A terminated employee may apply for a disability benefit within 18 months of termination as long as the disability occurred while in the employment of the state. The fact that an employee is placed on leave of absence without compensation because of disability does not bar that employee from receiving a disability benefit.

~~(f)~~ (h) Unless the payment of a disability benefit has terminated because the employee is no longer totally disabled, or because the employee has reached normal retirement age as provided in this section, the disability benefit must cease with the last payment received by the disabled employee or which had accrued during the lifetime of the employee unless there is a spouse surviving. In that event, the surviving spouse is entitled to the disability benefit for the calendar month in which the disabled employee died.

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

Sec. 14. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision to read:

Subd. 4a. **Independent medical examination or vocational rehabilitation counseling.** Any individual applying for or receiving disability benefits shall submit to an independent medical examination or an assessment by a certified rehabilitation counselor if requested by the executive director or designee. The examination must be paid for by the system.

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

Sec. 15. Minnesota Statutes 2012, section 352.113, subdivision 6, is amended to read:

Subd. 6. **Regular medical or psychological examinations.** At least once each year during the first five years following the allowance of a disability benefit to any employee, and at least once in every three-year period thereafter, the director may require any disabled employee to ~~undergo a~~ provide medical, chiropractic, or psychological ~~examination~~ evidence to support the continuation of the total and permanent disability. ~~The examination must be made at the place of residence of the employee, or at any place mutually agreed upon;~~ evidence must be in a form and manner prescribed by the executive director for review by an expert or experts designated by the medical adviser and engaged by the director. If any examination indicates the medical information provided to the medical adviser indicates that the employee is no longer permanently and totally disabled, or is engaged in or can engage in a gainful occupation, payments of the disability benefit by the fund must be discontinued. The payments must be discontinued as soon as the employee is reinstated to the payroll following a sick leave of absence, but in no case may payment be made for more than 60 days after the medical adviser finds that the employee is no longer permanently and totally disabled.

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

Sec. 16. Minnesota Statutes 2012, section 352.113, subdivision 8, is amended to read:

Subd. 8. **Refusal of examination.** If a disabled employee person applying for a disability benefit refuses to submit to an expert a medical or psychological examination, the disability application shall be rejected. If a disability benefit recipient refuses to submit to a medical or psychological examination as required, payments by the fund must be discontinued and the director shall revoke all rights of the employee in any disability benefit.

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

Sec. 17. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision to read:

Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all earnings from reemployment and income from workers' compensation to the system annually by May 15 in a format prescribed by the executive director. If the form is not submitted by June 15, benefits must be suspended effective July 1. If the form deemed acceptable by the executive director is received after the June 15 deadline, benefits shall be reinstated retroactive to July 1.

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

Sec. 18. Minnesota Statutes 2012, section 352.22, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of allowable service if employed before July 1, 2010, or who has at least five years of allowable service if employed after June 30, 2010, when termination occurs may elect to leave the accumulated contributions in the fund and thereby be entitled to a deferred retirement annuity. The annuity must be computed under the law in effect when state service terminated, on the basis of the allowable service credited to the person before the termination of service.

(b) An employee on layoff or on leave of absence without pay, except a leave of absence for health reasons, and who does not return to state service must have an annuity, deferred annuity, or other benefit to which the employee may become entitled computed under the law in effect on the employee's last working day.

(c) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

(d) Application for the accumulated contributions left on deposit with the fund may be made at any time following the date of the termination of service.

(e) Deferred annuities must be augmented as provided in section 352.72, subdivision 2.

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

Sec. 19. Minnesota Statutes 2012, section 352.955, subdivision 1, is amended to read:

Subdivision 1. **Election to transfer prior MSRS-general service credit.** (a) An eligible employee described in paragraph (b) may elect to transfer service credit in the general state

employees retirement plan of the Minnesota State Retirement System to the correctional state employees retirement plan for eligible prior correctional employment.

(b) An eligible employee is a person who is covered by ~~Laws 2007, chapter 134, article 3, section 6, or who became eligible for retirement coverage by the correctional state employees retirement plan of the Minnesota State Retirement System under Laws 2006, chapter 271, article 2, Laws 2007, chapter 134, article 3, or legislation implementing the recommendations under section 352.91, subdivision 4a.~~

(c) Eligible prior correctional employment is employment covered correctional service defined in Laws 2007, chapter 134, article 3, section 6, or is employment by the Department of Corrections or by the Department of Human Services that preceded the effective date of the retirement coverage transfer under Laws 2006, chapter 271, article 2, Laws 2007, chapter 134, article 3, or legislation implementing the recommendations under section 352.91, subdivision 4a by the general state employees retirement plan of the Minnesota State Retirement System, is continuous service, and is certified by the commissioner of corrections and the commissioner of human services, whichever applies, and by the commissioner of management and budget to the executive director of the Minnesota State Retirement System as service that would qualify for correctional state employees retirement plan coverage under section 352.91, if the service was had been rendered after the date of coverage transfer.

(d) The election to transfer past service credit under this section must be made in writing by the applicable person on a form prescribed by the executive director of the Minnesota State Retirement System and must be filed with the executive director of the Minnesota State Retirement System on or before ~~(1) January 1, 2008, or the one year anniversary of the coverage transfer, whichever is later,~~ or ~~(2) the date of the eligible employee's termination of state employment, whichever is earlier.~~

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

Sec. 20. Minnesota Statutes 2012, section 352.955, subdivision 3, is amended to read:

Subd. 3. **Payment of additional equivalent contributions; ~~post-June 30, 2007, coverage transfers.~~** (a) An eligible employee who is transferred to plan coverage ~~after June 30, 2007,~~ and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is the amount computed under paragraph (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

(d) The executive director shall compute an amount using the process specified in paragraph (b), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(e) The executive director shall compute an amount using the process specified in paragraph (c), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(f) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after the one year anniversary date of the effective date of the retirement coverage transfer, or the date on which the eligible employee terminates state employment, whichever is earlier.

(g) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under paragraph (a), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is the amount computed under paragraph (d), plus the greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(h) The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent payment computed under paragraph (b), and by the amount of the employer contribution equivalent payment computed under paragraph (d).

(i) The additional equivalent employer contribution under this subdivision must be paid in a lump sum and must be paid within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the applicable department that the employee paid the additional equivalent member contribution.

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

Sec. 21. Minnesota Statutes 2012, section 352B.011, subdivision 13, is amended to read:

Subd. 13. **Surviving spouse.** "Surviving spouse" means a member's or former member's legally married spouse ~~who resided with the member or former member at the time of death and was married to the member or former member, for a period of at least one year, during or before the time of membership.~~

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

Sec. 22. Minnesota Statutes 2012, section 352B.10, is amended by adding a subdivision to read:

Subd. 7. Disabilitant earnings reports. Disability benefit recipients must report all earnings from reemployment and income from workers' compensation to the system annually by May 15 in a format prescribed by the executive director. If the form is not submitted by June 15, benefits must

be suspended effective July 1. If the form deemed acceptable by the executive director is received after the June 15 deadline, benefits shall be reinstated retroactive to July 1.

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

Sec. 23. Minnesota Statutes 2012, section 352D.04, subdivision 2, is amended to read:

Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

(b) The employee contribution is an amount equal to the percent of salary specified in section 352.04, subdivision 2, or 352.045, subdivision 3 3a.

(c) The employer contribution is an amount equal to six percent of salary.

(d) For members of the legislature, the contributions under this subdivision also must be made on per diem payments received during a regular or special legislative session, but may not be made on per diem payments received outside of a regular or special legislative session, on the additional compensation attributable to a leadership position under section 3.099, subdivision 3, living expense payments under section 3.101, or special session living expense payments under section 3.103.

(e) For a judge who is a member of the unclassified plan under section 352D.02, subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of salary, and there is no employer contribution.

(f) These contributions must be made in the manner provided in section 352.04, subdivisions 4, 5, and 6.

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

Sec. 24. Minnesota Statutes 2012, section 356.20, subdivision 4, is amended to read:

Subd. 4. **Contents of financial report.** (a) The financial report required by this section must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited.

(b) ~~The report must include, as part of its exhibits or its footnotes, an actuarial disclosure item based on a statement that the actuarial valuation calculations prepared by the actuary retained under section 356.214 or by the actuary retained by the retirement fund or plan, whichever applies, according to comply with applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement. The actuarial value of assets, the actuarial accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The disclosure item report must contain a declaration certification by the actuary retained under section 356.214 or the actuary retained by the fund or plan, whichever applies, specifying that the required reserves for any retirement, disability, or survivor normal cost and the actuarial accrued liabilities for all benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and in accordance with the most recent applicable standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.~~

(c) The report must contain an itemized exhibit describing the administrative expenses of the plan, including, but not limited to, the following items, classified on a consistent basis from year to year, and with any further meaningful detail:

- (1) personnel expenses;
- (2) communication-related expenses;
- (3) office building and maintenance expenses;
- (4) professional services fees; and
- (5) other expenses.

(d) The report must contain an itemized exhibit describing the investment expenses of the plan, including, but not limited to, the following items, classified on a consistent basis from year to year, and with any further meaningful detail:

- (1) internal investment-related expenses; and
- (2) external investment-related expenses.

(e) Any additional statements or exhibits or more detailed or subdivided itemization of a disclosure item that will enable the management of the plan to portray a true interpretation of the plan's financial condition must be included in the additional statements or exhibits.

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

Sec. 25. Minnesota Statutes 2012, section 356.214, subdivision 1, is amended to read:

Subdivision 1. **Actuary retention.** (a) The governing board or managing or administrative official of each public pension plan and retirement fund or plan enumerated in paragraph (b) shall contract with an established actuarial consulting firm to conduct annual actuarial valuations and related services. The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c).

(b) Actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

- (1) the teachers retirement plan, Teachers Retirement Association;
- (2) the general state employees retirement plan, Minnesota State Retirement System;
- (3) the correctional employees retirement plan, Minnesota State Retirement System;
- (4) the State Patrol retirement plan, Minnesota State Retirement System;
- (5) the judges retirement plan, Minnesota State Retirement System;
- (6) the general employees retirement plan, Public Employees Retirement Association, including the MERF division;
- (7) the public employees police and fire plan, Public Employees Retirement Association;
- (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund Association;
- (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;

(10) the legislators retirement plan, Minnesota State Retirement System; and
~~(11) the elective state officers retirement plan, Minnesota State Retirement System; and~~
~~(12)~~ (11) the local government correctional service retirement plan, Public Employees Retirement Association.

(c) The actuarial valuation for the legislators retirement plan must include a separate calculation of total plan actuarial accrued liabilities due to constitutional officer coverage under section 3A.17.

~~(e)~~ (d) The contracts must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contracts must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;
- (2) the rate of return on investments based on the current asset value;
- (3) payroll growth;
- (4) mortality;
- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

~~(d)~~ (e) The actuary shall annually prepare a report to the governing or managing board or administrative official and the legislature, summarizing the results of the actuarial valuation calculations. The actuary shall include with the report any recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the required funding dates. The actuary shall, as part of the quadrennial experience study, include recommendations on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.

~~(e)~~ (f) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, the governing or managing board or administrative official shall direct the actuary to prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), (10), (11), or (12), in the manner provided for in the standards for actuarial work adopted by the commission.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 26. Minnesota Statutes 2012, section 356.215, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the terms in the following paragraphs has the meaning given.

(b) "Actuarial valuation" means a set of calculations prepared by an actuary retained under section 356.214 if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who is a fellow in the Society of Actuaries.

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 69.773, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) "Actuarial value of assets" means:

(1) ~~For the July 1, 2012, actuarial valuation, the market value of all assets as of June 30, 2012, reduced by:~~

~~(i) 20 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2008;~~

~~(ii) 40 percent of the difference between the actual net change in the market value of total assets between June 30, 2010, and June 30, 2009, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2009;~~

~~(iii) 60 percent of the difference between the actual net change in the market value of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2010;~~

~~(iv) 80 percent of the difference between the actual net change in the market value of total assets between June 30, 2012, and June 30, 2011, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual~~

~~percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2011; and~~

~~(v) if applicable, 20 percent of the difference between the actual net change in the market value of the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets over that fiscal year period if the assets had increased at 8.5 percent annually.~~

~~(2) For the July 1, 2013, and following actuarial valuations, the market value of all assets as of the preceding June 30, reduced by:~~

~~(i) (1) 20 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;~~

~~(ii) (2) 40 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;~~

~~(iii) (3) 60 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and~~

~~(iv) (4) 80 percent of the difference between the actual net change in the market value of total assets between the most recent June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.~~

~~(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of the actuarial value of assets and the present value of future normal costs.~~

~~(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.~~

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

Sec. 27. Minnesota Statutes 2012, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

(1) select and ultimate interest rate assumption

plan	ultimate preretirement interest rate assumption	ultimate postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0.0	=2.0 until June 30, 2040, and -2.5 after June 30, 2040 0.0
elective state officers retirement plan	0.0	=2.0 until June 30, 2040, and -2.5 after June 30, 2040
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5

Except for the legislators retirement plan and the ~~elective state constitutional officers retirement plan~~ calculation of total plan liabilities, the select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the ~~elective state constitutional officers retirement plan~~ calculation of total plan liabilities, the select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth teachers retirement plan and the St. Paul teachers retirement plan, each with a select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, of 8.0 percent.

(2) single rate preretirement and postretirement interest rate assumption

plan	interest rate assumption
Bloomington Fire Department Relief Association	6.0
local monthly benefit volunteer firefighters relief associations	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	3.0
Bloomington Fire Department Relief Association	4.0

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
local government correctional service retirement plan	assumption C
Duluth teachers retirement plan	assumption A
St. Paul teachers retirement plan	assumption B

For plans other than the Duluth teachers retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for all retirement plans covered by this clause. The designated percentage rate is 0.3 percent for the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C
16	8.00%	6.90%	9.00%
17	8.00	6.90	9.00
18	8.00	6.90	9.00
19	8.00	6.90	9.00
20	6.90	6.90	9.00
21	6.90	6.90	8.75
22	6.90	6.90	8.50
23	6.85	6.85	8.25
24	6.80	6.80	8.00
25	6.75	6.75	7.75

30TH DAY]

TUESDAY, APRIL 2, 2013

1553

26	6.70	6.70	7.50
27	6.65	6.65	7.25
28	6.60	6.60	7.00
29	6.55	6.55	6.75
30	6.50	6.50	6.75
31	6.45	6.45	6.50
32	6.40	6.40	6.50
33	6.35	6.35	6.50
34	6.30	6.30	6.25
35	6.25	6.25	6.25
36	6.20	6.20	6.00
37	6.15	6.15	6.00
38	6.10	6.10	6.00
39	6.05	6.05	5.75
40	6.00	6.00	5.75
41	5.90	5.95	5.75
42	5.80	5.90	5.50
43	5.70	5.85	5.25
44	5.60	5.80	5.25
45	5.50	5.75	5.00
46	5.40	5.70	5.00
47	5.30	5.65	5.00
48	5.20	5.60	5.00
49	5.10	5.55	5.00
50	5.00	5.50	5.00
51	4.90	5.45	5.00
52	4.80	5.40	5.00
53	4.70	5.35	5.00
54	4.60	5.30	5.00
55	4.50	5.25	4.75
56	4.40	5.20	4.75
57	4.30	5.15	4.50
58	4.20	5.10	4.25
59	4.10	5.05	4.25

30TH DAY]

TUESDAY, APRIL 2, 2013

1555

12	4.10	4.08	6.00	5.10	5.25	4.45
13	4.00	3.94	5.75	5.00	5.10	4.35
14	3.80	3.82	5.50	4.90	4.95	4.25
15	3.70	3.70	5.25	4.80	4.80	4.15
16	3.60	3.60	5.00	4.80	4.65	4.05
17	3.50	3.51	4.75	4.80	4.50	3.95
18	3.50	3.50	4.50	4.80	4.35	3.85
19	3.50	3.50	4.25	4.80	4.20	3.75
20	3.50	3.50	4.00	4.80	4.05	3.75
21	3.50	3.50	3.90	4.70	4.00	3.75
22	3.50	3.50	3.80	4.60	4.00	3.75
23	3.50	3.50	3.70	4.50	4.00	3.75
24	3.50	3.50	3.60	4.50	4.00	3.75
25	3.50	3.50	3.50	4.50	4.00	3.75
26	3.50	3.50	3.50	4.50	4.00	3.75
27	3.50	3.50	3.50	4.50	4.00	3.75
28	3.50	3.50	3.50	4.50	4.00	3.75
29	3.50	3.50	3.50	4.50	4.00	3.75
30 or more	3.50	3.50	3.50	4.50	4.00	3.75

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	3.75
State Patrol retirement plan	3.75
judges retirement plan	3.00
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	3.75
teachers retirement plan	3.75
Duluth teachers retirement plan	4.50

St. Paul teachers retirement plan

5.00

(d) The assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 28. Minnesota Statutes 2012, section 356.30, subdivision 3, is amended to read:

Subd. 3. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the unclassified employees retirement program, established under chapter 352D;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;

~~(6) the elective state officers retirement plan, established under chapter 352C;~~

~~(7) (6) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, including the MERF division of the Public Employees Retirement Association;~~

~~(8) (7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;~~

~~(9) (8) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;~~

~~(10) (9) the Teachers Retirement Association, established under chapter 354;~~

~~(11) (10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;~~

~~(12) (11) the Duluth Teachers Retirement Fund Association, established under chapter 354A;~~
and

~~(13) (12) the judges retirement fund, established by chapter 490.~~

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 29. Minnesota Statutes 2012, section 356.401, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

~~(5) the elective state officers retirement plan, established by chapter 352C;~~

~~(6) (5) the unclassified state employees retirement program, established by chapter 352D;~~

(7) ~~(6)~~ the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, including the MERF division of the Public Employees Retirement Association;

~~(8) (7) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;~~

~~(9) (8) the public employees defined contribution plan, established by chapter 353D;~~

~~(10) (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;~~

~~(11) (10) the voluntary statewide lump-sum volunteer firefighter retirement plan, established by chapter 353G;~~

~~(12) (11) the Teachers Retirement Association, established by chapter 354;~~

~~(13) (12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~

~~(14) (13) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;~~

~~(15) (14) the individual retirement account plan, established by chapter 354B;~~

~~(16) (15) the higher education supplemental retirement plan, established by chapter 354C; and~~

~~(17) (16) the judges retirement fund, established by chapter 490.~~

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 30. Minnesota Statutes 2012, section 356.415, subdivision 1a, is amended to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement ~~plan plans~~, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, ~~the elected state officers retirement plan~~, the unclassified state employees retirement program, and the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(b) The increases provided by this subdivision commence on January 1, 2011. Increases under this subdivision for the general state employees retirement plan, the correctional state employees retirement plan, or the judges retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for the legislators retirement plan or the elected state officers retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(c) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 31. Minnesota Statutes 2012, section 356.415, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan established under chapter 3A, including constitutional officers as specified in that chapter;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(3) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(4) the State Patrol retirement plan established under chapter 352B;

~~(5) the elective state officers retirement plan established under chapter 352C;~~

~~(6)~~ (5) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(7) (6) the public employees police and fire retirement plan of the Public Employees Retirement Association established under chapter 353;

(8) (7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(9) (8) the teachers retirement plan established under chapter 354; and

(10) (9) the judges retirement plan established under chapter 490.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 32. **APPLICATION AND INTENT.**

This article merges the remaining provisions of the elective state officers retirement plan into the legislators retirement plan chapter to achieve administrative savings, including reduced cost for actuarial calculations. Nothing in this article should be interpreted as modifying benefits or benefit eligibility compared to law in effect immediately before the effective date of this section.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 33. **REPEALER.**

(a) Minnesota Statutes 2012, sections 3A.02, subdivision 3; 352C.001; 352C.091, subdivision 1; and 352C.10, are repealed.

(b) Minnesota Statutes 2012, section 352.955, subdivision 2, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2013. Paragraph (b) is effective the day following final enactment.

ARTICLE 3

PERA ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) persons whose salary from one governmental subdivision never exceeds \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;

(3) election officers or election judges;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;

(11) students who are serving for up to five years in an internship or residency program sponsored by a governmental subdivision, including an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit, or an H-1b visa initially issued or extended for a combined period less than three years of employment. Upon extension of the employment beyond the three-year period, the foreign citizens must be reported for membership beginning the first of the month thereafter provided the monthly earnings threshold as provided under subdivision 2a is met;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(17) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(18) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 87 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(21) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

(22) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration up to three five years or less, including persons participating in a federal or state subsidized on-the-job

training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(23) independent contractors and the employees of independent contractors;

(24) reemployed annuitants of the association during the course of that reemployment; and

(25) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

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

Sec. 2. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivision 12, and 353.35;

(3) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(4) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary, excluding overtime pay, that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the

end of the annual normal working cycle or within 30 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary, ~~excluding overtime pay~~, during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate, ~~excluding overtime pay~~, during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service

to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under section 353.0162.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association under chapter 353A or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "allowable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes. For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

(e) MS 2002 [Expired]

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

Sec. 3. Minnesota Statutes 2012, section 353.01, subdivision 17a, is amended to read:

Subd. 17a. **Average salary.** (a) "Average salary," ~~for purposes of calculating a retirement annuity under section 353.29, subdivision 3 unless otherwise specified,~~ means an amount equivalent to the average of the highest salary of the member, police officer, or firefighter, whichever applies, upon which employee contributions were paid for any five successive years of allowable service, based on dates of salary periods as listed on salary deduction reports. Average salary must be based upon all allowable service if this service is less than five years.

(b) "Average salary" may not include any reduced salary paid during a period in which the employee is entitled to benefit payments from workers' compensation for temporary disability, unless the average salary is higher, including this period.

(c) "Average salary," for purposes of calculating benefits for a surviving spouse or dependent children under section 353.657, subdivision 2 or 3, means the average of the full-time monthly base salary rate in effect during the last six months of allowable service. If the employment during the

last six months of allowable service was part-time, the average salary must be prorated based on the actual number of hours worked.

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

Sec. 4. Minnesota Statutes 2012, section 353.01, subdivision 29, is amended to read:

Subd. 29. **Designated beneficiary.** "Designated beneficiary" means the person ~~or~~² organization, trust, or estate designated by a member, former member, ~~disabilitant, or retired member in writing, signed and filed with the association before the death of the member, former member, disabilitant, or retired member,~~ or a person legally authorized to act on behalf of the member or former member to receive a refund of the balance of the member's or former member's accumulated deductions after death. A beneficiary designation is valid if it is made in the form prescribed by the executive director and is received by the association on or before the date of death of the member or former member. If a beneficiary designation is deemed to be invalid for any reason, any remaining balance of the member's or former member's accumulated deductions are subject to the provisions of section 353.32, subdivisions 4 and 5.

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

Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 7, is amended to read:

Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions to the general employees retirement plan of the Public Employees Retirement Association or to the public employees police and fire retirement plan for a person who otherwise does not qualify for membership under this chapter, are considered:

(1) valid if the initial erroneous deduction began before January 1, 1990. Upon determination of the error by the association, the person may continue membership in the association while employed in the same position for which erroneous deductions were taken, or file a written election to terminate membership and apply for a refund upon termination of public service or defer an annuity under section 353.34; or

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and employees of a governmental subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid service is forfeited and, upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

(c) Adjustments to correct employer contributions and employee deductions taken in error from amounts which are not salary under section 353.01, subdivision 10, must be made as specified in paragraph (e). The period of adjustment must be limited to the fiscal year in which the error is discovered by the association and the immediate two preceding fiscal years.

(d) If there is evidence of fraud or other misconduct on the part of the employee or the employer, the board of trustees may authorize adjustments to the account of a member or former member to correct erroneous employee deductions and employer contributions on invalid salary and the recovery of any overpayments for a period longer than provided for under paragraph (c).

(e) Upon discovery of the receipt of erroneous employee deductions and employer contributions under paragraph (a), clause (2), or paragraph (c), the association must require the employer to discontinue the erroneous employee deductions and erroneous employer contributions reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made;

(2) for a former member who:

(i) is not receiving a retirement annuity or benefit, return the erroneous employee deductions to the former member through a refund with interest at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; or

(ii) is receiving a retirement annuity or disability benefit, or a person who is receiving an optional annuity or survivor benefit, for whom it has been determined an overpayment must be recovered, adjust the payment amount and recover the overpayments as provided under this section; and

(3) return the invalid employer contributions reported on behalf of a member or former member to the employer by providing a credit against future contributions payable by the employer.

(f) In the event that a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check returned to the funds of the department making the payment, a refund of the sum deducted, or any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) If the accrual date of any association discovers that a retirement annuity, survivor benefit, or disability benefit is within the limitation period specified in paragraph (c), and an overpayment has resulted has been incorrectly calculated by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and recover any begin payment of the corrected annuity or benefit effective the first of the month following discovery of the error. Any overpayment resulting from the incorrect calculation must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment in the amount of the annuity or benefit calculated after the accrual date, except adjustments required under section 353.656, subdivision 4, falls within the current fiscal year and the two immediate previous fiscal years.

(h) Notwithstanding the provisions of this subdivision, the association may apply the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans Compliance Resolution System and not issue a refund of erroneous employee deductions and employer contributions or not

recover a small overpayment of benefits if the cost to correct the error would exceed the amount of the member refund or overpayment.

(i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure by an employer to follow the statutory requirements for reporting eligible members and salary must be paid by the employer.

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

Sec. 6. Minnesota Statutes 2012, section 353.34, subdivision 1, is amended to read:

Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. Application for a refund may not be made before the date of termination of public service. ~~Except as specified in paragraph (b),~~ A refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

(c) An individual who terminates public service covered by the Public Employees Retirement Association general employees retirement plan, the MERF division, the Public Employees Retirement Association police and fire retirement plan, or the public employees local government correctional service retirement plan, and who is employed by a different employer and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus annual compound interest from the plan from which the member terminated service at the applicable rate specified in subdivision 2.

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

Sec. 7. Minnesota Statutes 2012, section 353.34, subdivision 2, is amended to read:

Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who ceases to be a public employee is entitled to receive a refund in an amount equal to accumulated deductions with annual compound interest to the first day of the month in which the refund is processed.

(b) For a person who ceases to be a public employee before July 1, 2011, the refund interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the refund interest is at the rate of four percent.

(c) If a person repays a refund and subsequently applies for another refund, the repayment amount, including interest, is added to the fiscal year balance in which the repayment was made.

(d) If the refund payable to a member is based on employee deductions that are determined to be invalid under section 353.27, subdivision 7, the interest payable on the invalid employee deductions is four percent.

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

Sec. 8. Minnesota Statutes 2012, section 353.50, subdivision 3, is amended to read:

Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service credit and salary credit of the members of the Minneapolis Employees Retirement Fund as specified in the

records of the Minneapolis Employees Retirement Fund through June 30, 2010, are transferred to the MERF division of the Public Employees Retirement Association and are credited by the MERF division. ~~Annuities or benefits of persons who are active members of the former Minneapolis Employees Retirement Fund on June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic postretirement adjustments after December 31, 2010, under section 356.415.~~

(b) The liability for the payment of annuities and benefits of the Minneapolis Employees Retirement Fund retirees and benefit recipients as specified in the records of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the MERF division of the Public Employees Retirement Association on June 30, 2010.

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

Sec. 9. Minnesota Statutes 2012, section 353.50, subdivision 6, is amended to read:

Subd. 6. **Benefits.** (a) **Retired, disabled, deferred, and inactive member benefits.** The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive Minneapolis Employees Retirement Fund members with that status as of June 30, 2010, ~~with the exception of post-December 31, 2010, postretirement adjustments, which are governed by paragraph (b), as calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, continue in force after the administrative consolidation under Laws 2010, chapter 359, article 11.~~

(b) **Benefits; benefit eligibility for June 30, 2010, active members.** Persons who were active members of the former Minneapolis Employees Retirement Fund on June 30, 2010, upon satisfying eligibility requirements stated in the applicable sections of Minnesota Statutes 2008 specified in paragraph (a), are entitled to annuities or benefits specified in those sections. Eligibility for a formula retirement annuity includes the requirement in Minnesota Statutes 2008, sections 422A.13 and 422A.16, that the terminating member has attained retirement age, which is age 60 if the person has at least ten years of service credit, or any age if the person has 30 or more years of service credit.

(b) (c) **Postretirement adjustments.** After December 31, 2010, annuities and benefits from the MERF division are eligible for annual automatic postretirement adjustments solely under section 356.415.

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

Sec. 10. Minnesota Statutes 2012, section 353.657, subdivision 2, is amended to read:

Subd. 2. **Benefit amount.** (a) The spouse of a deceased member is entitled to receive a monthly benefit for life equal to the following percentage of the member's average ~~full-time monthly~~ salary rate, as defined in section 353.01, subdivision 17a, paragraph (c), as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which death occurred:

(1) if the death was a line of duty death, 60 percent of the ~~stated~~ average salary is payable; and

(2) if the death was not a line of duty death or if death occurred while receiving disability benefits that accrued before July 1, 2007, 50 percent of the ~~stated~~ average salary is payable.

~~(b) If the member was a part-time employee in the position for which the employee qualified for participation in the police and fire plan, the monthly survivor benefit is based on the salary rate in effect for that member's part-time service during the last six months of allowable service. If the member's status changed from full time to part time for due to health reasons during the last year 12 months of employment, notwithstanding the definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the monthly survivor benefit is must be based on the full-time salary rate of the position held as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.~~

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

Sec. 11. Minnesota Statutes 2012, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The benefit may be elected instead of a refund with interest under section 353.32, subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, ~~subdivisions 2 and~~ subdivision 3, and 353.30, subdivision 3.

(d) The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member.

(f) Any member may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

(g) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

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

Sec. 12. Minnesota Statutes 2012, section 353.657, subdivision 3, is amended to read:

Subd. 3. **Dependent children.** (a) A dependent child, as defined in section 353.01, subdivision 15, is entitled to receive a monthly benefit equal to ten percent of the member's average ~~full-time monthly salary rate~~, as defined in section 353.01, subdivision 17a, paragraph (c), as a member of the police and fire plan ~~in effect over the last six months of allowable service preceding the month in which death occurred.~~

(b) If the member's status changed from full-time to part-time due to health reasons during the last 12 months of employment, notwithstanding the definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the monthly dependent child benefit must be based on the full-time salary rate of the position held as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.

(c) Payments for the benefit of a dependent child must be made to the surviving parent, or to the legal guardian of the child or to any adult person with whom the child may at the time be living, provided only that the parent or other person to whom any amount is to be paid advises the board in writing that the amount will be held or used in trust for the benefit of the child.

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

Sec. 13. Minnesota Statutes 2012, section 353F.02, subdivision 3, is amended to read:

Subd. 3. **Effective date of privatization.** "Effective date of privatization" means the date that the operation of ~~the a~~ medical facility or other public employing unit is assumed by another employer or the date that ~~the a~~ medical facility or other public employing unit is purchased by another employer and active membership in the Public Employees Retirement Association consequently terminates.

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

Sec. 14. Minnesota Statutes 2012, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) Cedarview Care Center in Steele County;
- (3) the City of Cannon Falls Hospital;
- (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- (5) Cornerstone Nursing and Rehabilitation Center in Clearwater County ~~Memorial Hospital doing business as Clearwater Health Services in Bagley~~;
- (6) the Dassel Lakeside Community Home;

- (7) the Douglas County Hospital, with respect to the Mental Health Unit;
- (8) the Fair Oaks Lodge, Wadena;
- (9) the Glencoe Area Health Center;
- (10) Hutchinson Area Health Care;
- (11) Lake County Sunrise Home;
- (12) the Lakefield Nursing Home;
- (13) the Lakeview Nursing Home in Gaylord;
- (14) the Luverne Public Hospital;
- (15) the Oakland Park Nursing Home;
- (16) the RenVilla Nursing Home;
- (17) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;
- (18) the St. Peter Community Health Care Center;
- (19) the Traverse Care Center in Traverse County;
- (20) the Waconia-Ridgeview Medical Center;
- (21) the Weiner Memorial Medical Center, Inc.;
- (22) the Wheaton Community Hospital; and
- (23) the Worthington Regional Hospital.

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

Sec. 15. Minnesota Statutes 2012, section 353F.02, is amended by adding a subdivision to read:

Subd. 4a. **Privatized former public employer.** "Privatized former public employer" means a medical facility or other employing unit formerly included in the definition of governmental subdivision under section 353.01, subdivision 6, that is privatized and whose employees are certified for participation under this chapter.

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

Sec. 16. Minnesota Statutes 2012, section 353F.02, subdivision 6, is amended to read:

Subd. 6. ~~Terminated medical facility or other~~ **Privatized former public employing unit employee.** "~~Terminated medical facility or other~~ (a) "Privatized former public employing unit employee" means a person who:

(1) was employed by the privatized former public employer on the day before the effective date by the medical facility or other public employing unit of privatization; or

(2) terminated employment with the ~~medical facility or other~~ privatized former public employing unit employer on the day before the effective date; and

(3) was a participant in the general employees retirement plan of the Public Employees Retirement Association at the time of termination of employment with the ~~medical facility or other privatized former public employing unit employer.~~

(b) Privatized former public employee does not mean a person who, on the day before the effective date of privatization, was simultaneously employed with the privatized former public employer and by a governmental subdivision under section 353.01, subdivision 6, and who, after the effective date of privatization, continues to accrue service credit under section 353.01, subdivision 16, through simultaneous employment with a governmental subdivision.

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

Sec. 17. Minnesota Statutes 2012, section 353F.025, subdivision 1, is amended to read:

Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a governmental subdivision may submit a resolution from the governing body to the executive director of the Public Employees Retirement Association which supports providing coverage under this chapter for employees of that governmental subdivision who are privatized, and which states that the governing body will pay for actuarial calculations, as further specified in paragraph (c).

(b) The governing body must also provide a copy of any applicable purchase or lease agreement and any other information requested by the executive director to allow the executive director to verify that under the proposed employer change, the new employer does not qualify as a governmental subdivision under section 353.01, subdivision 6, making the employees ineligible for continued coverage as active members of the general employees retirement plan of the Public Employees Retirement Association.

(c) Following receipt of a resolution and a determination by the executive director that the new employer is not a governmental subdivision, the executive director shall direct the consulting actuary retained under section 356.214 to determine whether the general employees retirement plan of the Public Employees Retirement Association, if coverage under this chapter is provided, is expected to receive a net gain or a net loss if privatization occurs. A net gain is expected if the actuarial liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss is expected if the actuarial accrued liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date, ~~as defined in section 353F.02, subdivision 3 of privatization.~~

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

Sec. 18. Minnesota Statutes 2012, section 353F.025, subdivision 2, is amended to read:

Subd. 2. **~~Recommendation to legislature Reporting privatizations.~~** (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate that privatization can be approved because a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected due to the privatization, or if paragraph ~~(c)~~ (b) applies, the executive director shall, following acceptance of the actuarial calculations by the board of trustees, forward a recommendation notice and supporting documentation, including a copy of the actuary's report and findings, to the chair of the ~~Legislative Commission on Pensions and Retirement,~~

~~the chair of the Governmental Operations, Reform, Technology and Elections Committee of the house of representatives, the chair of the State and Local Government Operations and Oversight Committee of the senate, and the executive director of the Legislative Commission on Pensions and Retirement and the chairs and the ranking minority members of the committees with jurisdiction over governmental operations in the house of representatives and senate. The recommendation must be in the form of an addition to the definition of "medical facility" under section 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5, whichever is applicable. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session. The recommendation may be included as part of public pension administrative legislation under section 356B.05.~~

~~(b) If a medical facility or other public employing unit listed under section 353F.02, subdivision 4 or 5, fails to privatize within one year of the final enactment date of the legislation adding the entity to the applicable definition, its inclusion under this chapter is voided, and the executive director shall include in the subsequent proposed legislation under paragraph (a) a recommendation that the applicable entity be stricken from the definition.~~

~~(e) (b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive director shall forward a recommendation recommend to the board of trustees that the privatization be included as an addition under paragraph (a) approved if the chief clerical officer of the applicable governmental subdivision submits a resolution from the governing body specifying that a lump sum payment will be made to the executive director Public Employees Retirement Association equal to the net loss, plus interest. The interest must be computed using the applicable ultimate preretirement interest rate assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from which the actuarial accrued liability data was used to determine the net loss in the actuarial study under subdivision 1, to the date of payment, with annual compounding. Payment must be made on or after the effective date defined under section 353F.02 of privatization.~~

~~(c) The Public Employees Retirement Association must maintain a list that includes the names of all privatized former public employers in the association's comprehensive annual financial report and on the association's Web site. Annually by March 1, the association must submit to the executive director of the Legislative Commission on Pensions and Retirement the names of any privatized former public employers approved since the publication of the previous fiscal year's comprehensive annual financial report.~~

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

Sec. 19. Minnesota Statutes 2012, section 353F.03, is amended to read:

353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.

Notwithstanding any provision of chapter 353 to the contrary, a ~~terminated medical facility or other privatized former public employing unit~~ employee is eligible to receive a retirement annuity under section 353.29 of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, without regard to the requirement specified in section 353.01, subdivision 47.

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

Sec. 20. Minnesota Statutes 2012, section 353F.04, is amended to read:

353F.04 AUGMENTATION INTEREST RATES FOR ~~TERMINATED MEDICAL OR OTHER PRIVATIZED FORMER PUBLIC EMPLOYING UNIT FACILITY~~ EMPLOYEES.

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a ~~terminated medical facility or other privatized former public employing unit~~ employee is subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, except that the rate of augmentation is as specified in this subdivision.

(b) This paragraph applies if the ~~legislation adding the medical facility or other employing unit to section 353F.02, subdivision 4 or 5, as applicable, effective date of privatization was enacted before July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area Health Care on or before January 1, 2007, for all other medical facilities and all other employing units and also applies to Hutchinson Area Health Care with a privatization effective date of January 1, 2008.~~ For a ~~terminated medical facility or other privatized former public employing unit~~ employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually.

(c) If paragraph (b) is not applicable, and if the effective date of the privatization is before January 1, 2011, the augmentation rate is four percent compounded annually until January 1, following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is six percent compounded annually.

(d) If the effective date of the privatization is after December 31, 2010, the applicable augmentation rate depends on the result of computations specified in section 353F.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of the general employees retirement plan of the Public Employees Retirement Association, the augmentation rate is 2.0 percent compounded annually until the effective date of retirement. If the computations under that subdivision indicate a net loss to the fund if a 2.0 percent augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is used, then the augmentation rate is 1.0 percent compounded annually until the effective date of retirement.

~~(e) The term "effective date of the privatization" as used in this subdivision means the "effective date" as defined in section 353F.02, subdivision 3.~~

Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do not apply if the ~~terminated medical facility or other~~ privatized former public employing unit employee:

(1) beginning the first of the month in which the privatized former public employee becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, if the employee continues to be covered and accrues at least six months of credited service; or

(2) beginning the first of the month after a privatized former public employee terminates service with the successor entity; or

~~(2)~~ (3) if the person begins receipt of a retirement annuity while employed by the employer which assumed operations of or purchased the medical facility or other privatized former public employing unit or purchased the medical facility or other public employing unit employer.

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

Sec. 21. Minnesota Statutes 2012, section 353F.05, is amended to read:

353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR EARLY RETIREMENT PURPOSES.

(a) For the purpose of determining eligibility for early retirement benefits provided under section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, and notwithstanding any provision of chapter 353, to the contrary, the years of allowable service for a ~~terminated medical facility or other~~ privatized former public employing unit employee who transfers employment on the effective date of privatization and does not apply for a refund of contributions under section 353.34, subdivision 1, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, or any similar provision, includes service with the successor employer to the ~~medical facility or other~~ privatized former public employing unit employer following the effective date. The successor employer shall provide any reports that the executive director of the Public Employees Retirement Association may reasonably request to permit calculation of benefits.

(b) To be eligible for early retirement benefits under this section, the individual must separate from service with the successor to the ~~privatized former public employer to the medical facility~~. The ~~terminated eligible individual~~ privatized former public employee, or an individual authorized to act on behalf of that ~~individual~~ employee, may apply for an annuity following application procedures under section 353.29, subdivision 4.

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

Sec. 22. Minnesota Statutes 2012, section 353F.051, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** A ~~terminated medical facility or other~~ privatized former public employing unit employee who is totally and permanently disabled under Minnesota Statutes 1998, section 353.01, subdivision 19, and who had a medically documented preexisting condition of the disability before the termination of coverage, may apply for a disability benefit.

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

Sec. 23. Minnesota Statutes 2012, section 353F.052, is amended to read:

353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD PROVISION.

Notwithstanding any provisions of law to the contrary, subdivisions within section 353.32 of the edition of Minnesota Statutes published in the year before the year in which a privatization occurred, applicable to the surviving spouse or dependent children of a former member as defined in section 353.01, subdivision 7a, apply to the survivors of a ~~terminated medical facility or other~~ privatized former public employing unit employee.

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

Sec. 24. **[353F.057] TERMINATION FROM SERVICE REQUIREMENT.**

Upon termination of service from the privatized former public employer or any successor entity after the effective date of privatization, a privatized former public employee must separate from any employment relationship with the privatized former public employer or any successor entity for at least 30 days to qualify to receive a retirement annuity under this chapter.

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

Sec. 25. Minnesota Statutes 2012, section 353F.06, is amended to read:

353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

If a privatized former public employee satisfies the separation from service requirement in section 353F.057 and thereafter resumes employment with the privatized former public employer or any successor entity or a governmental subdivision under section 353.01, subdivision 6, the reemployed annuitant earnings limitations of section 353.37 apply to any service by a terminated medical facility or other public employing unit employee as an employee of the successor employer to the medical facility.

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

Sec. 26. Minnesota Statutes 2012, section 353F.07, is amended to read:

353F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 353 to the contrary, ~~terminated medical facility or other privatized former public employing unit~~ employees may receive a refund of employee accumulated contributions plus interest as provided in section 353.34, subdivision 2, at any time after the transfer of employment to the successor employer of the ~~terminated medical facility or other privatized former public employing unit~~ employer. If a ~~terminated medical facility or other privatized former public employing unit~~ employee has received a refund from a pension plan listed in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those listed plans and complies with section 356.30, subdivision 2.

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

Sec. 27. Minnesota Statutes 2012, section 353F.08, is amended to read:

353F.08 COUNSELING SERVICES.

The ~~medical facility or other privatized former public employing unit~~ employer and the executive director of the Public Employees Retirement Association shall provide ~~terminated medical facility or other privatized former public employing unit~~ employees with counseling on their benefits available under the general employees retirement plan of the Public Employees Retirement Association during the 90 days following a period mutually agreed upon before or after the effective date of privatization.

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

Sec. 28. Minnesota Statutes 2012, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, or 1e, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months prior to the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective on January 1 following the calendar year in which the person has been retired for less than 12 months.

(b) The increases provided by this subdivision commence on January 1, 2010.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.

~~(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 353.29, subdivision 6, must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 29. Minnesota Statutes 2012, section 356.415, subdivision 1b, is amended to read:

Subd. 1b. Annual postretirement adjustments; PERA; general employees retirement plan and local government correctional retirement plan. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the general employees retirement plan of the Public Employees Retirement Association and the local government correctional service retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30;

(2) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied;

(3) for each January 1 following the restoration of funding stability for the applicable retirement plan, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30; and

(4) for each January 1 following restoration of funding stability for the applicable retirement plan, for each annuity or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.

(b) Funding stability is restored when the market value of assets of the applicable retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the most recent prior actuarial valuation prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

(c) If, after applying the increase as provided for in paragraph (a), clauses (3) and (4), the market value of the applicable retirement plan is determined in the next subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent of the actuarial accrued liability of any of the applicable Public Employees Retirement Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be applied as of the next successive January until funding stability is again restored.

(d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

~~(e) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment, as provided in section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 30. Minnesota Statutes 2012, section 356.635, subdivision 1, is amended to read:

Subdivision 1. **Retirement benefit commencement.** (a) The retirement benefit of a member who has terminated employment must begin no later than the later of April 1 of the calendar year following the calendar year that the member attains the federal minimum distribution age under section 401(a)(9) of the Internal Revenue Code or April 1 of the calendar year following the calendar year in which the member terminated employment.

(b) The consent requirements of section 411(a)(11) of the Internal Revenue Code do not apply to the extent that a distribution is required to satisfy the requirements of section 401(a)(9) of the Internal Revenue Code.

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

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2012, sections 353F.02, subdivisions 4 and 5; and 353F.025, subdivision 3, are repealed.

(b) Minnesota Statutes 2012, section 353.29, subdivision 6, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective January 1, 2014.

ARTICLE 4**BENEFIT ACCRUAL RATE SPECIFICATION**

Section 1. Minnesota Statutes 2012, section 352.115, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) ~~will apply~~ applies. The employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by the 1.2 percent specified in section 356.315, subdivision 1, per year of allowable service for the first ten years and the 1.7 percent specified in section 356.315, subdivision 2, for each later year of allowable service and pro rata for completed months less than a full year ~~shall determine~~ determines the amount of the retirement annuity to which the employee is entitled.

(b) This paragraph applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1. The employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by the 1.7 percent specified in section 356.315, subdivision 2, for each year of allowable service and pro rata for months less than a full year ~~shall determine~~ determines the amount of the retirement annuity to which the employee is entitled.

Sec. 2. Minnesota Statutes 2012, section 352.87, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** A person specified in subdivision 1 is entitled to receive a retirement annuity applicable for allowable service credit under this section calculated by multiplying the employee's average salary, as defined in section 352.01, subdivision 14a, by ~~the 2.0 percent specified in section 356.315, subdivision 2a~~, for each year or portions of a year of allowable service credit. No reduction for retirement before the normal retirement age, as specified in section 352.01, subdivision 25, applies to service to which this section applies.

Sec. 3. Minnesota Statutes 2012, section 352.93, subdivision 2, is amended to read:

Subd. 2. **Calculating monthly annuity.** The monthly annuity under this section must be determined by multiplying the average monthly salary by the number of years, or completed months, of covered correctional service by ~~the 2.4 percent specified in section 356.315, subdivision 5~~ if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010.

Sec. 4. Minnesota Statutes 2012, section 352.95, subdivision 1, is amended to read:

Subdivision 1. **Duty disability; computation of benefit.** A covered correctional employee who is determined to have a duty disability, physical or psychological, as defined under section 352.01, subdivision 17b, is entitled to a duty disability benefit. The duty disability benefit must be based on covered correctional service only. The duty disability benefit amount is 50 percent of the average salary defined in section 352.93, plus an additional 2.4 percent equal to that specified in section 356.315, subdivision 5, if employed as a correctional state employee before July 1, 2010, or 2.2

percent if employed as a correctional state employee after June 30, 2010, for each year of covered correctional service in excess of 20 years, ten months, prorated for completed months.

Sec. 5. Minnesota Statutes 2012, section 352B.08, subdivision 2, is amended to read:

Subd. 2. **Normal retirement annuity.** The annuity must be paid in monthly installments. The annuity ~~shall be~~ is equal to the amount determined by multiplying the average monthly salary of the member by the 3.0 percent specified in section 356.315, subdivision 6, for each year and pro rata for completed months of service.

Sec. 6. Minnesota Statutes 2012, section 352B.10, subdivision 1, is amended to read:

Subdivision 1. **Duty disability.** A member who is determined to qualify for duty disability as defined in section 352B.011, subdivision 7, is entitled to receive a duty disability benefit while disabled. The benefits must be paid monthly. The duty disability benefit is an amount equal to the member's average monthly salary multiplied by 60 percent, plus an additional 3.0 percent equal to that specified in section 356.315, subdivision 6, for each year and pro rata for completed months of service in excess of 20 years, if any.

Sec. 7. Minnesota Statutes 2012, section 353.29, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 353.30, subdivisions 1a, 1b, and 1c, applies to any member who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) ~~will apply~~ applies. The average salary as defined in section 353.01, subdivision 17a, multiplied by the 2.2 percent specified in section 356.315, subdivision 3, for each year of allowable service for the first ten years and thereafter by the 2.7 percent specified in section 356.315, subdivision 4, per year of allowable service and completed months less than a full year for a basic member, and the 1.2 percent specified in section 356.315, subdivision 1, for each year of allowable service for the first ten years and thereafter by the 1.7 percent specified in section 356.315, subdivision 2, per year of allowable service and completed months less than a full year for a coordinated member ~~shall determine~~ determines the amount of the normal retirement annuity.

(b) This paragraph applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member whose annuity amount, when calculated under this paragraph and in conjunction with section 353.30, subdivision 5, is higher than it is when calculated under paragraph (a), in conjunction with section 353.30, subdivisions 1a, 1b, and 1c. The average salary, as defined in section 353.01, subdivision 17a, multiplied by the 2.7 percent specified in section 356.315, subdivision 4, for each year of allowable service and completed months less than a full year for a basic member and the 1.7 percent specified in section 356.315, subdivision 2, per year of allowable service and completed months less than a full year for a coordinated member, ~~shall determine~~ determines the amount of the normal retirement annuity.

Sec. 8. Minnesota Statutes 2012, section 353.651, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** The average salary as defined in section 353.01, subdivision 17a, multiplied by the 3.0 percent specified in section 356.315, subdivision 6, per year of allowable service determines the amount of the normal retirement annuity. If the member has earned allowable service for performing services other than those of a police officer or firefighter, the annuity representing that service must be computed under sections 353.29 and 353.30.

Sec. 9. Minnesota Statutes 2012, section 353.656, subdivision 1, is amended to read:

Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, who is determined to qualify for duty disability as defined in section 353.01, subdivision 41, ~~shall be entitled to receive disability benefits during the period of such disability in an amount equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional percentage specified under section 356.315, subdivision 6,~~ 3.0 percent of that average salary for each year of service in excess of 20 years.

(b) To be eligible for a benefit under paragraph (a), the member must have:

- (1) not met the requirements for a retirement annuity under section 353.651, subdivision 1; or
- (2) met the requirements under that subdivision, but does not have at least 20 years of allowable service credit.

(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and at the end of that period is subject to provisions of subdivision 5a.

(d) If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire plan, the disability benefit must be computed on the average salary from which deductions were made for contribution to the police and fire fund.

Sec. 10. Minnesota Statutes 2012, section 353.656, subdivision 1a, is amended to read:

Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, whose disabling condition is determined to be a duty disability that is also a permanent and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for life, disability benefits in an amount equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional 3.0 percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision 1 upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

(c) If a member approved for disability benefits under this subdivision dies before attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph (b), or within 60 months of the effective date of the disability, whichever is later, the surviving spouse is entitled to receive a survivor benefit under section 353.657, subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling condition for which disability benefits were approved, or

section 353.657, subdivision 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition for which benefits were approved under this subdivision.

(d) If the election of an actuarial equivalent optional annuity is not made at the time the permanent and total disability benefit accrues, an election must be made within 90 days before the member attains normal retirement age as defined under section 353.01, subdivision 37, paragraph (b), or having collected total and permanent disability benefits for 60 months, whichever is later. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

Sec. 11. Minnesota Statutes 2012, section 353.656, subdivision 3a, is amended to read:

Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, whose disabling condition is determined to be a regular disability under section 353.01, subdivision 46, that is also a permanent and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for life, a disability benefit in an amount equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional 3.0 percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 15 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3 upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

(c) A member approved for disability benefits under this subdivision may elect to receive a normal disability benefit or an actuarial equivalent optional annuity. If the election of an actuarial equivalent optional annuity is not made at the time the total and permanent disability benefit accrues, an election must be made within 90 days before the member attains normal retirement age as defined in section 353.01, subdivision 37, paragraph (b), or having collected disability benefits for 60 months, whichever is later. No surviving spouse benefits are payable if the member dies during the period in which a normal total and permanent disability benefit is being paid. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

Sec. 12. Minnesota Statutes 2012, section 353E.04, subdivision 3, is amended to read:

Subd. 3. **Annuity amount.** (a) The average salary as defined in subdivision 2, multiplied by the 1.9 percent specified in section 356.315, subdivision 5a, for each year of allowable service, determines the amount of the normal retirement annuity.

(b) If a person has earned allowable service in the general employees retirement plan of the Public Employees Retirement Association or the public employees police and fire fund prior to retirement plan before participation under this chapter, the retirement annuity representing such

service must be computed in accordance with the formula specified in sections 353.29 and 353.30 or 353.651, whichever applies.

Sec. 13. Minnesota Statutes 2012, section 353E.06, subdivision 1, is amended to read:

Subdivision 1. **Duty disability qualification requirements.** A local government correctional employee who is determined to qualify for a duty disability as defined in section 353E.001, subdivision 1, is entitled to a disability benefit. The disability benefit must be based on covered service under this chapter only and is an amount equal to 47.5 percent of the average salary defined in section 353E.04, subdivision 2, plus an additional 1.9 percent ~~equal to that specified in section 356.315, subdivision 5a~~, for each year of covered service under this chapter in excess of 25 years.

Sec. 14. Minnesota Statutes 2012, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	Coordinated Member	Basic Member
Each year of service during first ten	the 1.2 percent specified in section 356.315, subdivision 1; per year	the 2.2 percent specified in section 356.315, subdivision 3; per year
Each year of service thereafter	the 1.7 percent specified in section 356.315, subdivision 2; per year	the 2.7 percent specified in section 356.315, subdivision 4; per year

For service rendered on or after July 1, 2006, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	the 1.4 percent specified in section 356.315, subdivision 1a; per year	the 2.2 percent specified in section 356.315, subdivision 3; per year
Each year of service after ten years of service	the 1.9 percent specified in section 356.315, subdivision 2b; per year	the 2.7 percent specified in section 356.315, subdivision 4; per year

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose

annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by ~~the 2.7 percent specified by section 356.315, subdivision 4,~~ for each year of service for a basic member ~~shall determine~~ determines the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of service rendered before July 1, 2006, and by ~~the 1.9 percent specified in section 356.315, subdivision 2b,~~ for each year of service rendered on or after July 1, 2006, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

Sec. 15. Minnesota Statutes 2012, section 354A.31, subdivision 4, is amended to read:

Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) will apply. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.2 percent specified in section 356.315, subdivision 1,~~ per year for each year of coordinated service for the first ten years and ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of coordinated service thereafter.

(d) This paragraph applies to a person who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of coordinated service.

Sec. 16. Minnesota Statutes 2012, section 354A.31, subdivision 4a, is amended to read:

Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth fund.** (a) This subdivision applies to the new law coordinated program of the Duluth Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.2 percent specified in section 356.315, subdivision 1,~~ per year for each year of coordinated service for the first ten years and ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each subsequent year of coordinated service.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of coordinated service.

Sec. 17. Minnesota Statutes 2012, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated at the appropriate rate under the laws governing each public pension plan or fund named in subdivision 3, based on the date of the person's initial entry into public employment from the date the person terminated all public service if:

(1) the person has allowable service in any two or more of the enumerated plans;

(2) the person has sufficient allowable service in total that equals or exceeds the applicable service credit vesting requirement of the retirement plan with the longest applicable service credit vesting requirement; and

(3) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan of a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges retirement fund, and the State Patrol retirement plan, must not exceed the 2.7 percent ~~specified in section 356.315~~;

~~subdivision 4~~, per year of service for any year of service or fraction thereof. The formula percentage used by the judges retirement fund must not exceed ~~the percentage rate specified in section 356.315, subdivision 8~~, 3.2 percent per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the State Patrol retirement plan must not exceed ~~the percentage rate specified in section 356.315, subdivision 6~~, 3.0 percent per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c).

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Sec. 18. Minnesota Statutes 2012, section 356.315, subdivision 9, is amended to read:

Subd. 9. **Future benefit accrual rate increases.** After January 2, 1998, benefit accrual rate increases under ~~this section 352.115, subdivision 3; 352.87, subdivision 3; 352.93, subdivision 3; 352.95, subdivision 1; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1, 1a, or 3a; 353E.04, subdivision 3; 353E.06, subdivision 1; 354.44, subdivision 6; 354A.31, subdivision 4 or 4a; 356.30, subdivision 1; 490.121, subdivision 22; or 490.124, subdivision 1~~, must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 19. Minnesota Statutes 2012, section 490.121, subdivision 22, is amended to read:

Subd. 22. **Service credit limit.** "Service credit limit" means the greater of: (1) 24 years of allowable service under this chapter; or (2) for judges with allowable service rendered before July 1, 1980, the number of years of allowable service under chapter 490, which, when multiplied by the percentage listed in ~~section 356.315, subdivision 7~~ 2.7 or 8 3.2, whichever is applicable to each year of service, equals 76.8.

Sec. 20. Minnesota Statutes 2012, section 490.124, subdivision 1, is amended to read:

Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from and after the mandatory retirement date, the normal retirement date, the early retirement date, or one year from the disability retirement date, as the case may be, a retiring judge is eligible to receive a retirement annuity from the judges' retirement fund.

(b) The retirement annuity is an amount equal to: (1) ~~the 2.7 percent specified in section 356.315, subdivision 7~~, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered before July 1, 1980; plus (2) ~~the 3.2 percent specified in section 356.315, subdivision 8~~, multiplied by the judge's final

average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980.

(c) Service that exceeds the service credit limit in section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but the compensation earned by the judge during this period of judicial service must be used in determining a judge's final average compensation and calculating the retirement annuity.

Sec. 21. **REPEALER.**

Minnesota Statutes 2012, section 356.315, subdivisions 1, 1a, 2, 2a, 2b, 3, 4, 5, 5a, 6, 7, and 8, are repealed.

Sec. 22. **EFFECTIVE DATE.**

Sections 1 to 21 are effective the day following final enactment.

ARTICLE 5

REVISIONS AND REPEALS OF FORMER LOCAL POLICE AND PAID FIREFIGHTER RELIEF ASSOCIATION LAWS

Section 1. Minnesota Statutes 2012, section 6.495, subdivision 1, is amended to read:

Subdivision 1. **Audit and examinations.** All powers and duties conferred and imposed upon the state auditor with respect to state, county, and first-class city officers, institutions, and property are hereby extended to the various fire ~~and police~~ relief associations in the state. The state auditor shall annually audit the special and general funds of the relief association or, at the request of the board of trustees or the municipality, the state auditor may contract for an annual audit by a certified public accountant. The state auditor may determine that an annual audit is not necessary, in which case the state auditor shall develop a plan for examination of unaudited relief associations, and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same.

Copies of the written report of the state auditor on the financial condition and accounts of the relief association ~~shall~~ must be filed with the board of trustees of the relief association and the governing body of the municipality associated with the relief association. If the report discloses malfeasance, misfeasance, or nonfeasance with regard to relief association funds, copies thereof ~~shall~~ must be filed with the city attorney or county attorney in the city or county in which the relief association is located, and these officials of the law shall institute proceedings, civil or criminal, as the law and public interest require.

Sec. 2. Minnesota Statutes 2012, section 6.495, subdivision 3, is amended to read:

Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required ~~pursuant to~~ under section 69.051 and the auditing or certification of those financial reports ~~pursuant to~~ under subdivision 1; and

(2) the receipt of any actuarial valuations required ~~pursuant to~~ under section ~~69.77 or 69.773~~ or sections 31 to 42.

Sec. 3. Minnesota Statutes 2012, section 6.67, is amended to read:

6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a political subdivision or a local public pension plan governed by ~~section 69.77~~, sections 69.771 to 69.775, or chapter 354A or 424A, or sections 31 to 42, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 4. Minnesota Statutes 2012, section 13D.01, subdivision 1, is amended to read:

Subdivision 1. **In executive branch, local government.** All meetings, including executive sessions, must be open to the public

- (a) of a state
 - (1) agency,
 - (2) board,
 - (3) commission, or
 - (4) department,

when required or permitted by law to transact public business in a meeting;

- (b) of the governing body of a
 - (1) school district however organized,
 - (2) unorganized territory,
 - (3) county,
 - (4) statutory or home rule charter city,
 - (5) town, or
 - (6) other public body;
- (c) of any
 - (1) committee,
 - (2) subcommittee,
 - (3) board,
 - (4) department, or
 - (5) commission,

of a public body; and

(d) of the governing body or a committee of:

(1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

(2) a local public pension plan governed by ~~section 69.77~~, sections 69.771 to 69.775, or chapter 354A, or sections 31 to 42.

Sec. 5. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and

(8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "Market value" means latest available market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages

as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program and ~~police relief association financial reports~~:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Sec. 6. Minnesota Statutes 2012, section 69.011, subdivision 2, is amended to read:

Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association, whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15, annually, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

~~(c) Certification must be made to the commissioner on a form prescribed by the commissioner and shall include any other facts the commissioner may require. The certification must be made to the commissioner in duplicate. Each copy of the certificate must be duly executed and is deemed to be an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and shall retain one copy.~~

~~(d) On or before March 15 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by the commissioner together with the other facts the commissioner or auditor may require.~~

~~(e) (c) Except as provided in subdivision 2b, on or before March 15 annually, in order to qualify to receive police state aid, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer may be included in the certification of the number of peace officers by more than one municipality or county employing unit for the same month.~~

~~(d) A certification made under this subdivision must be filed with the commissioner, must be made on a form prescribed by the commissioner, and must include any other facts that the commissioner requires.~~

Sec. 7. Minnesota Statutes 2012, section 69.011, subdivision 3, is amended to read:

Subd. 3. **Failure to file certificate deemed waiver.** (a) If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the county, the municipality, or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days.

(b) The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the county, the municipality, or the nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty ~~will~~ must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form ~~cannot~~ may not be used as a defense for ~~not filing~~ a failure to file.

Sec. 8. Minnesota Statutes 2012, section 69.011, subdivision 4, is amended to read:

Subd. 4. **Qualification for fire state aid.** ~~Any~~ (a) A municipality in this state qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and if it meets the specific requirements of paragraph (c).

(b) Minimum qualifications for fire state aid include the following:

(1) having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members; and

(2) having a separate subsidiary incorporated firefighter's relief and pension association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan, may qualify to receive state aid if it meets the following or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

(c) Minimum requirements for fire state aid also include the following or their equivalent as determined by the state fire marshal by July 1, 1972:

(a) (1) having ten paid or volunteer firefighters including a fire chief and assistant fire chief; ~~and;~~

(b) (2) having regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment; ~~and;~~

(c) (3) having a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps-tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots; ~~and;~~

(d) (4) having apparatus suitably housed in a building of good construction with facilities for care of hose and equipment; ~~and;~~

(e) (5) having a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; ~~and;~~

(f) (6) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, ~~the municipality has~~ having another piece of motorized apparatus to make the response; and

(g) (7) meeting other requirements that the commissioner establishes by rule.

Sec. 9. Minnesota Statutes 2012, section 69.021, subdivision 1, is amended to read:

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports ~~shall~~ must contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts that the commissioner may require.

Sec. 10. Minnesota Statutes 2012, section 69.021, subdivision 2, is amended to read:

Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer.

(b) The Minnesota Firetown Premium Report ~~shall~~ must contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums ~~shall~~ must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner.

(c) The Minnesota Aid to Police Premium Report ~~shall~~ must contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Sec. 11. Minnesota Statutes 2012, section 69.021, subdivision 3, is amended to read:

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.** (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report, the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer ~~shall be~~ is liable and shall pay \$25 for each seven days ~~delinquent~~, or fraction thereof, that the report is ~~delinquent~~, but not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in ~~this subdivision~~ paragraph (b) or (c) for knowingly filing an inaccurate or false report.

(b) Any insurer ~~who~~ which knowingly makes and files an inaccurate or false report ~~shall be~~ is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as determined by the

commissioner, and additionally the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined an amount of not more than \$1,000.

(d) Failure of the insurer to receive a reporting form ~~shall~~ does not excuse the insurer from filing the report.

Sec. 12. Minnesota Statutes 2012, section 69.021, subdivision 4, is amended to read:

Subd. 4. Determination of qualified state aid recipients; certification to commissioner of management and budget. (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.

(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive directly or the amount of state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

Sec. 13. Minnesota Statutes 2012, section 69.021, subdivision 5, is amended to read:

Subd. 5. Calculation of state aid. (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the

Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by town and farmers' mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report, ~~reduced by the amount required to pay the costs and expenses of the state auditor for audits or exams of police relief associations.~~ The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report ~~after subtracting the amount required to pay the state auditor's cost and expenses of the audits or exams of the police relief associations.~~

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

Sec. 14. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

Subd. 7. Apportionment of fire state aid to municipalities and relief associations. (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must ~~receive~~ be apportioned the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax-exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution

must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the percent of the market value of each shared service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state aid allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

Sec. 15. Minnesota Statutes 2012, section 69.021, subdivision 7a, is amended to read:

Subd. 7a. **Apportionment of police state aid.** (a) Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality ~~and~~² to ~~the each county, and to the Departments of Natural Resources and Public Safety~~ in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, ~~clause paragraph (g)~~, and subdivision 2, ~~clause paragraph (b)~~, employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities ~~and~~² counties, the Departments of Natural Resources and Public Safety, subject to any reduction under subdivision 10;

(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

Sec. 16. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

Subd. 8. **Population and market value.** (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures ~~are to~~ may be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of market value property figures, only the latest available market value property figures may be used.

Sec. 17. Minnesota Statutes 2012, section 69.021, subdivision 9, is amended to read:

Subd. 9. **Appeal.** (a) In the event that a municipality, a county, a fire relief association, ~~a police relief association~~, the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid.

(b) The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality, ~~or fire department, or police department~~ is located or by the Ramsey County District Court with respect to the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan.

Sec. 18. Minnesota Statutes 2012, section 69.021, subdivision 10, is amended to read:

Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for municipalities in which ~~police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police consolidation account governed by chapter 353A, and established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of the employer's total prior calendar year obligation under section 353A.09, subdivision 5, paragraphs (a) and (b), as certified by the executive director of the Public Employees Retirement Association;~~

(3) for municipalities in which ~~police retirement coverage is provided by the public employees police and fire plan governed by sections 353.63 to 353.657, in which police retirement coverage was provided by a police consolidation account under chapter 353A before July 1, 1999, and for which the municipality has an additional municipal contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of any additional municipal contribution under section 353.665, subdivision 8, paragraph (b), until the year 2010, as certified by the executive director of the Public Employees Retirement Association;~~

(4) ~~(2)~~ for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police relief association governed by sections 69.77 and 423A.01 the cities of Fairmont and Minneapolis, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the public employees retirement association, plus the amount of the financial requirements of the relief association certified to the applicable municipality during the prior calendar year under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions deducted from the covered salary of the relief association during the prior calendar year under section 69.77, subdivision 3, as certified by the chief administrative officer of the applicable municipality any additional municipal contribution under section 353.668, subdivision 6, or 353.669, subdivision 6;

(5) (3) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(6) (4) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those firefighters the applicable following amounts employer calendar year amount:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23

International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11
Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Sec. 19. Minnesota Statutes 2012, section 69.021, subdivision 11, is amended to read:

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited annually in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

~~(d) If a police officer stress reduction program is created by law and money is appropriated for that program, an amount equal to that appropriation must be transferred to the administrator of that program from the balance in the excess police state-aid holding account.~~

~~(e)~~ (d) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the ~~deductions~~ deduction under ~~paragraphs~~ paragraph (c) and ~~(d)~~ is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

~~(f)~~ (e) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c); and (d), ~~and (e)~~, cancels to the general fund.

Sec. 20. Minnesota Statutes 2012, section 69.031, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or to the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Sec. 21. Minnesota Statutes 2012, section 69.031, subdivision 3, is amended to read:

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue ~~an amount~~ amounts sufficient to make the police state aid payments and the fire state aid payments specified in this section and section 69.021.

Sec. 22. Minnesota Statutes 2012, section 69.031, subdivision 5, is amended to read:

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief

association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) The municipal treasurer, upon receipt of the police state aid, shall disburse the police state aid in the following manner:

~~(1) For a municipality in which a local police relief association exists and all peace officers are members of the association, the total state aid must be transmitted to the treasurer of the relief association within 30 days of the date of receipt, and the treasurer of the relief association shall immediately deposit the total state aid in the special fund of the relief association;~~

~~(2) (b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665 353.668, subdivision 8 6, paragraph (b) or 353.669, subdivision 6, if applicable; or~~

~~(3) For a municipality other than a city of the first class with a population of more than 300,000 in which both a police relief association exists and police retirement coverage is provided in part by the public employees police and fire fund, the municipality may elect at its option to transmit the total state aid to the treasurer of the relief association as provided in clause (1), to use the total state aid to apply toward the municipality's employer contribution to the public employees police and fire fund subject to all the provisions set forth in clause (2), or to allot the total state aid proportionately to be transmitted to the police relief association as provided in this subdivision and to apply toward the municipality's employer contribution to the public employees police and fire fund subject to the provisions of clause (2) on the basis of the respective number of active full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).~~

~~For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total police state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of police officers covered by the fund each payroll period and to transmit the balance to the police relief association;~~
~~or~~

~~(4) For a municipality in which police retirement coverage is provided in part by the public employees police and fire fund and in part by a local police consolidation account governed by chapter 353A and established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, the total police state aid must be applied towards the municipality's total employer contribution to the public employees police and fire fund and to the local police consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.~~

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

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

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

Sec. 23. Minnesota Statutes 2012, section 69.041, is amended to read:

69.041 SHORTFALL FROM GENERAL FUND.

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections ~~69.77~~, 69.771 to 69.775, ~~or~~ 353A.09, or sections 31 to 42, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 2971.05, subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

Sec. 24. Minnesota Statutes 2012, section 69.051, subdivision 1, is amended to read:

Subdivision 1. **Financial report and audit.** (a) The board of ~~each salaried firefighters the Bloomington Fire Department Relief Association, police relief association, and each volunteer firefighters relief association~~ as defined in section 424A.001, subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory,

financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

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

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

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

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

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Sec. 25. Minnesota Statutes 2012, section 69.051, subdivision 1a, is amended to read:

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement required under paragraph (a) must be certified by an independent public accountant or auditor or by the auditor or accountant who regularly examines or audits the financial transactions of the municipality. In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report. The independent accountant or auditor must have at least five years of public accounting, auditing, or similar experience, and

must not be an active, inactive, or retired member of the relief association or the fire or police department.

(c) The detailed statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

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

(d) The volunteer firefighters' relief association board must file the detailed statement required under paragraph (a) in the relief association office for public inspection and present it to the city council governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the detailed statement to the state auditor within 90 days of the close of the fiscal year.

Sec. 26. Minnesota Statutes 2012, section 69.051, subdivision 1b, is amended to read:

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association ~~will forfeit~~ forfeits its current year state aid, and, until the state auditor receives the required information, the relief association or municipality ~~will be~~ is ineligible to receive any future state aid. A municipality or ~~police or firefighters'~~ relief association ~~shall~~ does not qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Sec. 27. Minnesota Statutes 2012, section 69.051, subdivision 2, is amended to read:

Subd. 2. **Treasurers bond.** ~~No (a) The treasurer of a the Bloomington Fire Department Relief Association governed by section 69.77 shall~~ may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 69.771 to 69.776 ~~shall~~ may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Sec. 28. Minnesota Statutes 2012, section 69.051, subdivision 3, is amended to read:

Subd. 3. **Report by certain municipalities.** (a) The chief administrative officer of each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted under paragraph (b) shall annually prepare a detailed financial report of the receipts

and disbursements by the municipality for fire protection service during the preceding calendar year, on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality ~~shall~~ does not qualify initially to receive, or be and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

Sec. 29. Minnesota Statutes 2012, section 69.051, subdivision 4, is amended to read:

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor, in performing an audit or examination, shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

Sec. 30. Minnesota Statutes 2012, section 69.33, is amended to read:

69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.

For purposes of the first class city fire insurance premium tax surcharge aid program under section 297I.10, the commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

Sec. 31. Minnesota Statutes 2012, section 69.77, subdivision 1, is amended to read:

Subdivision 1. **Conditioned employer support for a the Bloomington Fire Department Relief Association.** (a) Notwithstanding any law to the contrary, only if the municipality city of Bloomington and the Bloomington Fire Department Relief Association comply with the provisions of this section, ~~a municipality~~ the city of Bloomington may contribute public funds, including any applicable police or fire state aid, or levy property taxes for the support of ~~a police or firefighters'~~

~~the Bloomington Fire Department Relief Association, enumerated in subdivision 1a, however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or firefighter, and for the operation and maintenance of the relief association.~~

(b) The commissioner shall not include in the apportionment of ~~police or fire state aid to the county auditor under section 69.021, subdivision 6, any municipality in which there exists a local police or salaried firefighters' relief association as enumerated in subdivision 1a which the city of Bloomington if the Bloomington Fire Department Relief Association does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association and that municipality~~ the city of Bloomington may not qualify initially to receive, or be entitled subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason for the disqualification is remedied, whereupon the ~~municipality~~ city of Bloomington, if otherwise qualified, is entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(c) The state auditor and the commissioner shall determine if ~~a municipality with a local police or salaried firefighters' relief association fails~~ the city of Bloomington and the Bloomington Fire Department Relief Association fail to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Sec. 32. Minnesota Statutes 2012, section 69.77, subdivision 2, is amended to read:

Subd. 2. **Inapplicable penalty.** The penalty provided for in subdivision 1 does not apply to a the Bloomington Fire Department Relief Association ~~enumerated in subdivision 1a~~ if the requirements of subdivisions 3 to 10 are met.

Sec. 33. Minnesota Statutes 2012, section 69.77, subdivision 4, is amended to read:

Subd. 4. **Relief association financial requirements; minimum municipal obligation.** (a) The officers of the Bloomington Fire Department Relief Association shall determine the financial requirements of the relief association and the minimum obligation of the ~~municipality~~ city of Bloomington for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the ~~municipality~~ city of Bloomington must be determined on or before the submission date established by the ~~municipality~~ city of Bloomington under subdivision 5.

(b) The financial requirements of the relief association for the following calendar year must be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate must be used in calculating the subsequent financial requirements of the relief association.

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated under clauses (1), (2), and (3), constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent

actuarial valuation or survey, the amount calculated under clauses (1) and (2) constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

(1) the normal level cost requirement for the following year, expressed as a dollar amount, which must be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected change in the active membership, for the following year;

(2) ~~for the Bloomington Fire Department Relief Association,~~ to the dollar amount of normal cost determined under clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. The administrative expenses are those authorized under section 69.80; and

(3) to the dollar amount of normal cost and expenses determined under clauses (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 8, by that fund's amortization date as specified in paragraph (d).

~~(d) The Bloomington Fire Department Relief Association~~ special fund amortization date is determined under section 356.216, clause (2). The amortization date specified in this paragraph supersedes any amortization date specified in any applicable special law.

(d) If the actuarial value of the assets of the special fund of the relief association exceed the actuarial accrued liability as reported in the most recent actuarial valuation of the special fund of the relief association, the financial requirements of the relief association are the amounts calculated under paragraph (c), clauses (1) and (2), reduced by one-tenth of the amount by which the actuarial value of the assets of the special fund of the relief association exceeds the actuarial accrued liability of the special fund of the relief association.

(e) The minimum obligation of the municipality is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated ~~amounts~~ amount anticipated for the following calendar year from the applicable fire state aid program established under sections 69.011 to 69.051 receivable by the relief association after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried firefighters' relief association amortization aid program established under section 423A.02, subdivision 1, from the supplementary amortization state-aid program established under section 423A.02, subdivision 1a, and from the additional amortization state aid under section 423A.02, subdivision 1b.

Sec. 34. Minnesota Statutes 2012, section 69.77, subdivision 5, is amended to read:

Subd. 5. **Determination submission.** The officers of the relief association shall submit the determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the ~~governing body~~ Bloomington City Council on or before the date established by the ~~municipality~~ city of Bloomington, which may not be earlier than August 1 and may not be later than September 1 of each year. The ~~governing body of the municipality~~

Bloomington City Council must ascertain whether or not the determinations were prepared in accordance with law.

Sec. 35. Minnesota Statutes 2012, section 69.77, subdivision 6, is amended to read:

Subd. 6. **Municipal payment.** (a) The municipality city of Bloomington shall provide for and shall pay, each year, at least the amount of the minimum obligation of the municipality city of Bloomington to the Bloomington Fire Department Relief Association.

(b) If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality city of Bloomington as of the end of any calendar year, the amount of the deficiency must be added to the minimum obligation of the municipality city of Bloomington for the following year calculated under subdivision 4 and must include interest at the compound rate of six percent per annum from the date that the municipality city of Bloomington was required to make payment under this subdivision until the date that the municipality city of Bloomington actually makes the required payment.

Sec. 36. Minnesota Statutes 2012, section 69.77, subdivision 7, is amended to read:

Subd. 7. **Budget inclusion.** (a) The municipality city of Bloomington shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated under subdivision 4.

(b) The municipality city of Bloomington may levy taxes for the payment of the minimum obligation of the municipality city of Bloomington without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied under this section may not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality city of Bloomington which are subject to a limitation as to rate or amount to be reduced.

(c) If the municipality city of Bloomington does not include the full amount of the minimum obligation of the municipality city of Bloomington in the levy that the municipality city of Bloomington certified to the Hennepin County auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the Hennepin County auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality city of Bloomington, the Hennepin County auditor shall spread a levy over the taxable property of the municipality city of Bloomington in the amount of the deficiency certified to by the officers of the relief association.

Sec. 37. Minnesota Statutes 2012, section 69.77, subdivision 8, is amended to read:

Subd. 8. **Accelerated amortization.** Any sums of money paid by the municipality city of Bloomington to the relief association in excess of the minimum obligation of the municipality city of Bloomington in any year must be used to amortize any unfunded actuarial accrued liabilities of the Bloomington Fire Department Relief Association.

Sec. 38. Minnesota Statutes 2012, section 69.77, subdivision 9, is amended to read:

Subd. 9. **Local paid fire relief association investment authority.** (a) The ~~special fund~~ funds of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

(b) The governing board of the Bloomington Fire Department Relief Association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm must use the formula or formulas developed by the State Board of Investment under section 11A.04, clause (11). The governing board of the Bloomington Fire Department Relief Association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.

~~(c) The governing board of the association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.~~

Sec. 39. Minnesota Statutes 2012, section 69.77, subdivision 10, is amended to read:

Subd. 10. **Actuarial valuation required.** The governing board of the Bloomington Fire Department Relief Association shall obtain an actuarial valuation showing the condition of the special fund of the relief association under sections 356.215 and 356.216 and ~~any the~~ applicable standards for actuarial work established by the Legislative Commission on Pensions and Retirement. The actuarial valuation must be made as of December 31 of every year. A copy of the actuarial valuation must be filed with the Director of the Legislative Reference Library, ~~the governing body of the municipality in which the association is organized~~ Bloomington City Council, the executive director of the Legislative Commission on Pensions and Retirement, and the state auditor, not later than July 1 of the following year.

Sec. 40. Minnesota Statutes 2012, section 69.77, subdivision 11, is amended to read:

Subd. 11. **Municipal approval of benefit changes required.** Any amendment to the bylaws or articles of incorporation of a the Bloomington Fire Department Relief Association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from ~~any police or firefighters'~~ the relief association enumerated in subdivision 1a is not effective until it is ratified by the ~~municipality in which the relief association is located~~ city of Bloomington. The officers of the relief association shall not seek municipal ratification before obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the Bloomington city clerk of the municipality.

Sec. 41. Minnesota Statutes 2012, section 69.77, subdivision 12, is amended to read:

Subd. 12. **Application of other laws to contribution rate.** In the absence of any specific provision to the contrary, no general or special law previously enacted may be construed as reducing the levy amount or ~~rate of contribution to a police or firefighters'~~ the Bloomington Fire Department Relief Association to which subdivision 1a applies, by a ~~municipality or member of the association~~ the city of Bloomington, which is required as a condition for the use of public funds or the levy of taxes for the support of the association. ~~Each~~ The Bloomington Fire Department Relief Association, the municipality in which it is organized city of Bloomington, and the officers of each, are authorized to do all things required by this section as a condition for the use of public funds or the levy of taxes for the support of the association.

Sec. 42. Minnesota Statutes 2012, section 69.77, subdivision 13, is amended to read:

Subd. 13. **Citation.** This section may be cited as the "~~Police and Firefighters'~~ Bloomington Fire Department Relief Associations Association Guidelines Act of 1969."

Sec. 43. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

Subdivision 1. **Covered relief associations.** The applicable provisions of sections 69.771 to 69.776 apply to any firefighters' relief association other than ~~a the Bloomington Fire Department Relief Association enumerated in section 69.77, subdivision 1a,~~ which is organized under any laws of this state, which is composed of volunteer firefighters or is composed partially of volunteer firefighters and partially of salaried firefighters with retirement coverage provided by the public employees police and fire fund and which, in either case, operates subject to the service pension minimum requirements for entitlement and maximums contained in section 424A.02, or subject to a special law modifying those requirements or maximums.

Sec. 44. Minnesota Statutes 2012, section 69.80, is amended to read:

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a ~~police, salaried firefighters', or volunteer firefighters'~~ relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section ~~69.77, 69.772;~~ or 69.773, or sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other governmental entities;

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund

for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

Sec. 45. Minnesota Statutes 2012, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources, provided that nothing in this subdivision limits the special levy authorized under section 475.755;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a ~~police or firefighters relief association~~ as required under ~~section 69.77~~ sections 31 to 42 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

(22) an amount equal to any reductions in the certified aids or credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause for each year is limited to the amount unallotted or reduced from the aids and credit reimbursements certified for payment in the year following the calendar year in which the tax levy is certified unless the unallotment or reduction amount is not known by September 1 of the levy certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5;

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

(25) for the estimated amount of reduction to market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

Sec. 46. Minnesota Statutes 2012, section 297I.10, subdivision 1, is amended to read:

Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in a city of the first class, or by its agents for it, in cash or otherwise.

(b) By July 31 and December 31 of each year, the commissioner of management and budget shall pay to ~~the relief association in each city~~ of the first class a warrant for an amount equal to

the total amount of the surcharge on the premiums collected within ~~the~~ that city since the previous payment.

(c) The treasurer of the ~~relief association city~~ shall place the money received under this subdivision in ~~the a special account or fund of the relief association to defray all or a a portion of the employer contribution requirement of public employees police and fire plan coverage for city firefighters.~~

Sec. 47. Minnesota Statutes 2012, section 345.381, is amended to read:

345.381 PROPERTY HELD BY MINNESOTA PUBLIC PENSION FUND.

No amounts of money held or owing by a public pension fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, or governed by sections ~~69.77 or 69.771 to 69.776~~ shall or sections 31 to 42 may be presumed to have been abandoned for purposes of sections 345.41, ~~345.42, 345.43, 345.47 and 345.48~~ if the plan governing the public pension fund includes a provision governing the disposition of unclaimed amounts of money.

Sec. 48. Minnesota Statutes 2012, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose salary exceeds \$425 in any month and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

~~(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief~~

association pension plan and who elected general employee retirement plan coverage before August 20, 2009;

(7) (6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b; and

(8) (7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If the salary of an included public employee is less than \$425 in any subsequent month, the member retains membership eligibility.

(d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF division of the association.

Sec. 49. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

- (1) persons whose salary from one governmental subdivision never exceeds \$425 in a month;
- (2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;
- (3) election officers or election judges;
- (4) patient and inmate personnel who perform services for a governmental subdivision;
- (5) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;
- (6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;
- (7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers

Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association, ~~or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage.~~ This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;

(11) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit, or an H-1b visa initially issued or extended for a combined period less than three years of employment. Upon extension of the employment beyond the three-year period, the foreign citizens must be reported for membership beginning the first of the month thereafter provided the monthly earnings threshold as provided under subdivision 2a is met;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(17) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(18) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 87 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(21) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

(22) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(23) independent contractors and the employees of independent contractors;

(24) reemployed annuitants of the association during the course of that reemployment; and

(25) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

Sec. 50. Minnesota Statutes 2012, section 353.01, subdivision 6, is amended to read:

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department, unit or instrumentality of state or local government, or any public body established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Minneapolis Employees Retirement Fund for employment initially commenced after June 30, 1979, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc., ~~and the Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association with respect to staff covered by the Public Employees Retirement Association general plan.~~

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than the Red Wing Port Authority; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of

its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision is subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

Sec. 51. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions be made by the employer, the contribution to the applicable supplemental retirement plan when an agreement between the parties establishes that the contribution will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages; and

~~(3) for a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation;~~

(b) Salary does not mean:

(1) the fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

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

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

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

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

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

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

(5) the amount of compensation that exceeds the limitation provided in section 356.611; and

(6) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Sec. 52. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivision 12, and 353.35;

(3) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(4) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary, excluding overtime pay, that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and

the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 30 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary, excluding overtime pay, during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate, excluding overtime pay, during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under

this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under section 353.0162.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

~~(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association under chapter 353A or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "allowable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.~~

~~(d) (c) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes. For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.~~

~~(e) (d) MS 2002 [Expired]~~

Sec. 53. Minnesota Statutes 2012, section 353.64, subdivision 1a, is amended to read:

Subd. 1a. **Police and fire plan; other members.** (a) A person who ~~prior to July 1, 1961, was a member of the police and fire plan, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the plan.~~

~~(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire plan on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, continues to be a member of the plan, whether or not that person has the power of arrest by warrant and is licensed by the Peace Officers Standards and Training Board after that date.~~

~~(c) (b) A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a~~

member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the Peace Officers Standards and Training Board after that date.

~~(d) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire plan, shall become a member of the police and fire plan after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.~~

~~(e) Any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire plan as provided in sections 353A.01 to 353A.10, or any police officer or firefighter to whom section 353.665 applies who has not elected coverage by the public employees police and fire plan as provided in section 353.665, subdivision 4, must become a member of the public employees police and fire plan, but is not subject to the provisions of sections 353.651 to 353.659 unless an election for such coverage is made under section 353.665, subdivision 4.~~

Sec. 54. Minnesota Statutes 2012, section 353.659, is amended to read:

353.659 LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT BENEFITS.

(a) For any person who has had prior service covered by a local police or firefighters relief association which has consolidated merged with the public employees police and fire retirement association plan and who has elected the type of benefit coverage provided by the public employees police and fire fund benefit plan under section 353A.08 following the consolidation as permitted by the applicable law, any the retirement benefits payable are governed by the applicable provisions of this chapter.

(b) For any person who has had prior service covered by a local police or firefighters relief association which has consolidated merged with the public employees police and fire retirement association plan and who has did not elected elect the type of benefit coverage provided by the public employees police and fire fund benefit plan under section 353A.08 following the consolidation as permitted by the applicable law, any the retirement benefits payable are governed by the provisions of Minnesota Statutes 2012, sections 353B.01 to 353B.13 which apply applied to the applicable former relief association or by section 353.6511 or 353.6512, if applicable.

Sec. 55. Minnesota Statutes 2012, section 353.665, subdivision 1, is amended to read:

Subdivision 1. **Merger authorized Application.** (a) Notwithstanding any provision of law to the contrary, unless the applicable municipality elects otherwise under paragraph (b), every This section applies to the local police and fire relief associations or consolidation account under chapter 353A in existence on March 1, 1999, becomes a part of accounts that merged with the public employees police and fire plan and fund governed by sections 353.63 to 353.659 on July 1, 1999 and are specified in paragraph (b).

(b) If a municipality desires to retain its consolidation account The former local police or fire relief associations or consolidation accounts, whichever applies, the governing body of the municipality must adopt a resolution to that effect and must file a copy of the resolution with the secretary of state, the state auditor, the legislative auditor, the management and budget

commissioner, the revenue commissioner, the executive director of the public employees retirement association, and the executive director of the Legislative Commission on Pensions and Retirement. The retention election must apply to both consolidation accounts if the municipality is associated with more than one consolidation account. The retention resolution must be adopted and filed with all recipients before June 15, 1999. are:

(1) the former local police and fire consolidation accounts that merged with the public employees police and fire retirement plan and fund under Laws 1999, chapter 222, article 4;

(2) the former Minneapolis Firefighters Relief Association;

(3) the former Minneapolis Police Relief Association;

(4) the former Fairmont Police Relief Association; and

(5) the former Virginia Fire Consolidation Account.

Sec. 56. Minnesota Statutes 2012, section 353.665, subdivision 5, is amended to read:

Subd. 5. **Benefit coverage for retirees and benefit recipients certain former local relief association or consolidation account members.** (a) A person who received a Except as provided in paragraph (b), (e), or (f), the annuity, service pension, a disability pension or benefit, or a survivor benefit from a merging attributable to or of a former member of a former merged local police or fire consolidation account for the month of June 1999, and who has did not previously elected participation in the Minnesota postretirement investment fund for any future postretirement adjustments rather than the postretirement adjustment mechanism or mechanisms of the relief association benefit plan under section 353A.08, subdivision 1, may elect participation in the Minnesota postretirement investment fund for any future postretirement adjustments or retention of the postretirement adjustment mechanism or mechanisms of the relief association benefit plan as reflected in the applicable provisions of chapter 353B. This election must be in writing on a form prescribed by the executive director and must be made before September 1, 1999. elect coverage by all or a portion of the public employees police and fire retirement plan as permitted by applicable law must be calculated or computed under the benefit plan provisions of the applicable former local police or paid firefighters relief association.

(b) If an eligible person is a minor, the election must be made by the person's parent or legal guardian. If the eligible person makes no affirmative election under this subdivision, the person retains the postretirement adjustment mechanism or mechanisms of the relief association benefit plan as reflected in the applicable provisions of chapter 353B. The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Minneapolis Firefighters Relief Association or of the former Minneapolis Police Relief Association who had that status as of December 29, 2011, continue after consolidation in the same amount and under the same terms as provided in chapter 423B or 423C, respectively, and the bylaws in effect as of that date, except that the unit value is governed by section 353.01, subdivisions 10a and 10b, respectively, and the postretirement adjustments after December 31, 2015, must be calculated solely under section 353.6511, subdivision 7.

(c) On behalf of former members of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association, the executive director shall withhold any health insurance or dental insurance premiums designated by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis. The Public Employees Retirement Association may charge a

necessary and reasonable monthly administrative fee to the city of Minneapolis for this function and bill it in addition to the employer contribution under section 353.65, subdivision 3, paragraph (b). Notwithstanding any provision of chapter 13 to the contrary, the executive director shall provide the city of Minneapolis with the current addresses of former members of the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association.

(d) The executive director shall cooperate with the Minneapolis firefighters fraternal association and the Minneapolis police fraternal association to ensure adequate communications with the former members of the former Minneapolis Firefighters Relief Association or the Minneapolis Police Relief Association consistent with Public Employees Retirement Association policy.

(e) The survivor benefit payable on behalf of any service pension or disability benefit recipient who elects participation in the Minnesota postretirement investment fund must be calculated under the relief association benefit plan in effect on the effective date of consolidation under chapter 353A as reflected in the applicable provisions of chapter 353B: (e) The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Fairmont Police Relief Association must be calculated or computed under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section 4, except that the annual base salary figure for pension and benefit determinations upon consolidation and for the balance of calendar year 2012 is \$106,666.67 and after December 31, 2012, annual postretirement adjustments of pensions and benefits in force must be calculated solely under section 356.415, subdivision 1c.

(f) The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Virginia firefighters consolidation account must be calculated or computed under the election made under Minnesota Statutes 2012, section 353A.08, unless the person made a subsequent election under Minnesota Statutes 2012, section 353.6691, subdivision 4, subject to any additional ad hoc postretirement adjustment under Minnesota Statutes 2012, section 353.6691, subdivision 5, paragraph (d).

Sec. 57. Minnesota Statutes 2012, section 353.665, subdivision 8, is amended to read:

Subd. 8. **Member and employer contributions.** (a) ~~Effective on the first day of the first full pay period following June 30, 1999,~~ Except as provided in paragraph (b), (c), or (d), the employee contribution rate for ~~merging merged~~ former consolidation account active members is the rate specified in section 353.65, subdivision 2, and the regular municipal contribution rate on behalf of ~~merged~~ former consolidation account active members is the rate specified in section 353.65, subdivision 3.

~~(b) The municipality associated with a merging former local consolidation account that had a positive value amortizable base calculation under subdivision 7, paragraph (d), after the preliminary calculation or the second calculation, whichever applies, must make an additional municipal contribution to the public employees police and fire plan for the period from January 1, 2000, to December 31, 2009. The amount of the additional municipal contribution is the amount calculated by the actuary retained under section 356.214 and certified by the executive director of the Public Employees Retirement Association by which the amortizable base amount would be amortized on a level dollar annual end-of-the-year contribution basis, using an 8.5 percent interest rate assumption. The additional municipal contribution is payable during the month of January, is without any interest, or if made after January 31, but before the next following December 31, is payable with interest for the period since January 1 at a rate which is equal to the preretirement interest rate~~

assumption specified in section 356.215, subdivision 8, applicable to the public employees police and fire fund expressed as a monthly rate and compounded on a monthly basis or if made after December 31 of the year in which the additional municipal contribution is due is payable with interest at a rate which is four percent greater than the highest interest rate assumption specified in section 356.215, subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the year in which the additional municipal contribution is due until the date on which payment is made. With respect to active members of the merged former Minneapolis Firefighters Relief Association and the merged former Minneapolis Police Relief Association, there are no employee contributions payable and the employer contribution on behalf of those active members is at the rate specified in section 353.65, subdivision 3, applied to the active member's salary. In addition, an additional municipal contribution is payable by the city of Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded present value figure calculated as required by Minnesota Statutes 2012, section 353.667, subdivision 6, paragraph (a), and Minnesota Statutes 2012, section 353.668, subdivision 6, paragraph (a). If the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under Minnesota Statutes 2012, section 353.667, subdivision 6, and Minnesota Statutes 2012, section 353.668, subdivision 6, paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Minneapolis for the balance of the amortization period must be redetermined by the actuary retained under section 356.214 and certified by the executive director to the city of Minneapolis.

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

(d) If there was a remainder present value of future benefits amounts under Minnesota Statutes 2012, section 353.6691, subdivision 5, paragraph (a), the city of Virginia shall pay an additional municipal contribution annually on or before December 31 sufficient to amortize on a level annual dollar basis by December 31, 2020, that remainder present value of future benefits amounts of the former Virginia fire department consolidation account. If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and any amortization contribution by the city of Virginia for the balance of the amortization period

must be redetermined by the actuary retained under section 356.214 and certified by the executive director to the city of Virginia.

Sec. 58. Minnesota Statutes 2012, section 353.71, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a retirement plan providing benefits for police officers or firefighters governed by sections ~~69.77 or 69.771 to 69.776~~, or by sections 31 to 42, is entitled, when qualified, to an annuity from each retirement plan if the total allowable service in all retirement plans or in any two of these retirement plans totals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one retirement plan is based is again used in the computation for benefits from another retirement plan and provided further that the person has not taken a refund from any one of these retirement plans since the person's membership in that association or system last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific minimum period of allowable service in the respective association or system does not apply for the purposes of this section if the combined service in two or more of these retirement plans equals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

Sec. 59. Minnesota Statutes 2012, section 356.20, subdivision 2, is amended to read:

Subd. 2. **Covered public pension plans and funds.** This section applies to the following public pension plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the St. Paul Teachers Retirement Fund Association;
- (6) the Duluth Teachers Retirement Fund Association;
- (7) the University of Minnesota faculty retirement plan;
- (8) the University of Minnesota faculty supplemental retirement plan;
- (9) the judges retirement fund;
- (10) ~~a police or firefighter's relief association specified or described in section 69.77, subdivision 1a~~ the Bloomington Fire Department Relief Association;
- (11) a volunteer firefighter relief association governed by section 69.771, subdivision 1;
- (12) the public employees police and fire plan of the Public Employees Retirement Association;
- (13) the correctional state employees retirement plan of the Minnesota State Retirement System;

(14) the local government correctional service retirement plan of the Public Employees Retirement Association; and

(15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

Sec. 60. Minnesota Statutes 2012, section 356.215, subdivision 18, is amended to read:

Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the actuarial assumptions used for the preparation of actuarial valuations under this section that are other than preretirement interest, postretirement interest, salary increase, and payroll increase may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

(b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial valuations under this section that are other than postretirement interest and preretirement interest may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

(c) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the joint retirement systems under section 356.214 or by the actuary retained by a local police or firefighters relief association governed by sections ~~69.77~~ or 69.771 to 69.776 or by sections 31 to 42, if one is retained.

Sec. 61. Minnesota Statutes 2012, section 356.216, is amended to read:

356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS MONTHLY VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS.

The provisions of section 356.215 that govern the contents of actuarial valuations ~~must apply to the Bloomington Fire Department Relief Association and to any local police or fire pension fund or monthly volunteer firefighter relief association required to make an actuarial report under this section, except as follows:~~

~~(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll must be the maximum rate of salary on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;~~

~~(2) (1) in lieu of the amortization date specified in section 356.215, subdivision 11, the appropriate amortization target date specified in clause (2) or section 69.77, subdivision 4, or 69.773, subdivision 4, clause paragraph (c), must be used in calculating any required amortization contribution, except that if the actuarial report;~~

~~(2) for the Bloomington Fire Department Relief Association indicates an, any unfunded actuarial accrued liability, the unfunded obligation is to must be amortized on a level dollar basis by December 31 of the year occurring 20 years later after the year in which the unfunded actuarial accrued liability initially occurred, and, if subsequent actuarial valuations for the Bloomington Fire Department Relief Association determine indicate a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded actuarial accrued~~

liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 20 years ~~later~~ after the year in which the net actuarial experience loss occurred;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 13, ~~the member contributions for active members for the calendar year and the prospective annual retirement annuities~~ service pensions under the benefit plan for active members must be reported;

(4) actuarial valuations required under section 39 must be made annually and actuarial valuations required under section 69.773, subdivision 2, must be made at least every four years and actuarial valuations required under section 69.77 shall be made annually or as frequently as required by generally accepted accounting principles in the government sector, whichever frequency requirement is shorter;

(5) the actuarial balance sheet showing accrued assets valued at market value ~~if the actuarial valuation is required to be prepared at least every four years or valued as current assets under section 356.215, subdivision 1, paragraph (b) or (f), whichever applies, if the actuarial valuation is required to be prepared annually,~~ actuarial accrued liabilities, and the unfunded actuarial accrued liability must include the following required reserves:

(i) for active members:

~~1. (A) retirement benefits~~ or service pensions;

~~2. (B) disability benefits; and~~

~~3. refund liability due to death or withdrawal;~~

~~4. (C) survivors' benefits;~~

(ii) for deferred annuitants' benefits;

(iii) for former members without vested rights;

(iv) for annuitants;

~~1. (A) retirement annuities~~ or service pensions;

~~2. (B) disability annuities; and~~

~~3. surviving spouses' annuities;~~

~~4. surviving children's annuities;~~ (C) survivor benefits.

In addition to those required reserves, separate items must be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above; and

(6) actuarial valuations are due to be filed with the state auditor by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

Sec. 62. Minnesota Statutes 2012, section 356.219, subdivision 1, is amended to read:

Subdivision 1. **Report required.** (a) The State Board of Investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the State Board of Investment, including the

Bloomington Fire Department Relief Association and a local police or volunteer firefighters relief association governed by sections ~~69.77~~ or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) The Bloomington Fire Department Relief Association and a local police or volunteer firefighters relief association governed by section ~~69.77~~ or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the State Board of Investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the State Board of Investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the State Board of Investment.

(d) This section does not apply to the following plans:

- (1) the Minnesota unclassified employees retirement program under chapter 352D;
- (2) the public employees defined contribution plan under chapter 353D;
- (3) the individual retirement account plans under chapters 354B and 354D;
- (4) the higher education supplemental retirement plan under chapter 354C;
- (5) any alternative retirement benefit plan established under section 383B.914; and
- (6) the University of Minnesota faculty retirement plan.

Sec. 63. Minnesota Statutes 2012, section 356.219, subdivision 2, is amended to read:

Subd. 2. **Asset class definition.** (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

- (1) cash and any cash equivalent investments with maturities of one year or less when issued;
- (2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;
- (3) stocks or convertible issues of any corporation organized under laws of the United States or any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;
- (4) international stocks or convertible issues;
- (5) international debt securities; and
- (6) real estate and venture capital.

(b) If the pension plan is investing ~~under section 69.77, subdivision 9, section 69.775, or any other applicable law~~, in open-end investment companies registered under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Sec. 64. Minnesota Statutes 2012, section 356.219, subdivision 8, is amended to read:

Subd. 8. **Timing of reports.** (a) For ~~salaried firefighter relief associations, police the Bloomington Fire Department Relief associations, Association and the~~ volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the State Board of Investment a list or lists of covered pension plans which submitted certifications in order to facilitate reporting by the State Board of Investment under paragraph (c).

(b) For the St. Paul Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association, and the University of Minnesota faculty supplemental retirement plan, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The State Board of Investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

Sec. 65. Minnesota Statutes 2012, section 356.406, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Each of the words or terms defined in this subdivision has the meaning indicated.

(b) "Public pension plan" means any retirement plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, ~~the Bloomington Fire Department Relief Association, any relief association governed by section 69.77 or sections 69.771 to 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin County supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing and redevelopment authority retirement plan.~~

(c) "Public pension plan member" means a person who is a participant covered by a public pension plan; a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension; a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan; or a former participant of a public pension plan who has member or employee contributions to the person's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, a death benefit, a funeral benefit, or a refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Sec. 66. Minnesota Statutes 2012, section 356A.01, subdivision 19, is amended to read:

Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a pension plan, other than the general fund, as reserves for present and future payment of benefits and administrative expenses. For the Bloomington Fire Department Relief Association or a retirement plan governed by section 69.77 or by chapter 424A, the term means the relief association special fund.

Sec. 67. Minnesota Statutes 2012, section 356A.06, subdivision 4, is amended to read:

Subd. 4. **Economic interest statement.** (a) Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest.

(b) For a covered pension plan other than a plan specified in paragraph (c), the statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

(c) For a covered pension plan governed by sections 69.771 to 69.776 or ~~a covered pension plan governed by section 69.77~~ with the Bloomington Fire Department Relief Association if its special fund assets are under \$8,000,000, the statement must contain the following:

(1) the person's principal occupation and principal place of business;

(2) whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and

(3) any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest.

(d) The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan.

(e) A disclosure form meeting the requirements of the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and filed with the State Board of Investment or the pension plan meets the requirements of this subdivision.

(f) The chief administrative officer of each covered pension plan, by January 15, annually, shall transmit a certified listing of all individuals who have filed statements of economic interest with the plan under this subdivision during the preceding 12 months and the address of the office referenced in paragraph (d) to the Campaign Finance and Public Disclosure Board.

Sec. 68. Minnesota Statutes 2012, section 356A.07, subdivision 2, is amended to read:

Subd. 2. **Annual financial report.** A covered pension plan shall provide each active plan participant and benefit recipient with a copy of the most recent annual financial report required by

section 356.20 and a copy of the most recent actuarial evaluation, if any, required by section 69.77, 69.773, 356.215, or 356.216, or by section 39, or a summary of those reports.

Sec. 69. Minnesota Statutes 2012, section 423A.02, subdivision 1, is amended to read:

Subdivision 1. **Amortization state aid.** ~~(a) A municipality in which is located a local police or salaried firefighters relief association to which the provisions of section 69.77, apply, that had an unfunded actuarial accrued liability in the most recent relief association actuarial valuation, is entitled, upon application as required by the commissioner of revenue, to receive local police and salaried firefighters' relief association amortization state aid if the municipality and the appropriate relief association both comply with the applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and 69.77. The cities of Fairmont and Minneapolis are entitled, subject to subdivisions 2, 4, and 5, to receive amortization state aid under this section.~~

(b) The total amount of amortization state aid to all entitled municipalities must not exceed \$5,055,000 the appropriation under subdivision 3a.

(c) ~~Subject to the adjustment for the city of Minneapolis provided in this paragraph, the amount of amortization state aid to which a municipality is entitled annually is an amount equal to the level annual dollar amount required to amortize, by December 31, 2010, the unfunded actuarial accrued liability of the special fund of the appropriate relief association as reported in the December 31, 1978, actuarial valuation of the relief association prepared under sections 356.215 and 356.216, reduced by the dollar amount required to pay the interest on the unfunded actuarial accrued liability of the special fund of the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes 1978, section 356.215, subdivision 8. For the city of Minneapolis, the amortization state aid amount thus determined must be reduced by \$747,232 on account of the former Minneapolis Police Relief Association and by \$772,768 on account of the former Minneapolis Fire Department Relief Association. The amortization state aid amounts are:~~

<u>City</u>	<u>Aid Amount</u>
<u>Fairmont</u>	<u>\$24,172</u>
<u>Minneapolis</u>	<u>\$2,728,547</u>

If the amortization state aid amounts determined under this paragraph exceed the amount appropriated for this purpose under subdivision 3a, the amortization state aid for actual allocation must be reduced pro rata.

(d) Each municipality is eligible for an amortization state aid payment in a fiscal year if:

(1) for Fairmont, the executive director of the Public Employees Retirement Association certifies on or before June 30 that a municipal contribution with respect to the former Fairmont Police Relief Association is payable in the upcoming fiscal year under section 353.665, subdivision 8, paragraph (c); and

(2) for Minneapolis, the executive director of the Public Employees Retirement Association certifies on or before June 30 that an additional employer contribution with respect to either the former Minneapolis Firefighters Relief Association or the former Minneapolis Police Relief Association is payable in the upcoming fiscal year under section 353.665, subdivision 8, paragraph (b).

Payment of amortization state aid to municipalities must be made directly to the municipalities involved in three equal installments on July 15, September 15, and November 15 annually. Upon receipt of amortization state aid, the municipal treasurer shall transmit the aid amount to the treasurer custodian of the local relief association trust fund or to the executive director of the public employees police and fire retirement fund, whichever applies, for immediate deposit in the special fund of the relief association.

(e) The commissioner of revenue shall administer the amortization state aid program. The commissioner shall prescribe and periodically revise, as necessary, the form for and required content of the application certifications for the amortization state aid.

~~(f) The amount required under this section, as provided in subdivision 3a, is appropriated annually from the general fund to the commissioner of revenue.~~

Sec. 70. Minnesota Statutes 2012, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. **Additional amortization state aid.** ~~(a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:~~

~~(1) all police or salaried firefighters relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;~~

~~(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and~~

~~(3) the municipalities that are required to make an additional municipal contribution under section 353.665, subdivision 8; 353.667, subdivision 6; or 353.668, subdivision 6, for the duration of the required additional contribution:~~

~~(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts:~~

~~(e) (a) Beginning October 1, 2000 2013, and annually thereafter, the commissioner shall allocate the additional amortization state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis:~~

~~(1) 64.5 percent to the municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;~~

~~(2) 34.2 (1) 47.1 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Fire Department~~

Relief Association; and defray the employer costs associated with police and firefighter retirement coverage;

(2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

(3) 12.9 percent to the city of Duluth to defray employer costs associated with police and firefighter retirement coverage;

(4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment performance requirement of paragraph (c) is met; and

(3) (5) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia Fire Department Relief Association defray the employer contribution under section 353.665, subdivision 8, paragraph (d).

If there is no unfunded actuarial accrued liability in both additional employer contribution under section 353.665, subdivision 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police Relief Association and the former Minneapolis Fire Department Relief Association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 47.1 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded actuarial accrued liability in employer contribution by the city of Virginia Fire Department Relief Association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216 under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department Relief Association certified on or before June 30 by the executive director of the Public Employees Retirement Association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. Upon the final payment to municipalities required by section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs associated with the police and firefighters pensions, and 40 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations.

(b) The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3 of revenue on October 1 annually.

(c) With respect to the St. Paul Teachers Retirement Fund Association, annually, beginning on July 1, 2005, if the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section

11A.04, clause (11), the aid allocation to ~~that~~ the retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are the amounts annually appropriated to the commissioner of revenue under section 69.021, subdivision 11, paragraph (e), and the aid amounts in excess of the limitation in subdivision 4.

Sec. 71. Minnesota Statutes 2012, section 423A.02, subdivision 2, is amended to read:

Subd. 2. **Continued eligibility.** A municipality that ~~has qualified for amortization state aid under subdivision 1 on December 31, 1984, and has an additional municipal contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most recent December 31, continues upon application to be entitled to receive amortization state aid under subdivision 1 and supplementary amortization state aid under subdivision 1a, after the local police or salaried firefighters' relief association has been consolidated into the public employees police and fire fund. If a municipality loses entitlement for amortization state aid and supplementary amortization state aid in any year because of not having an additional municipal contribution under section 353A.09, subdivision 5, paragraph (b), the municipality is not entitled to the aid amounts in any subsequent year. A municipality that received amortization aid in 1999 and is required to make an additional municipal contribution under section 353.665, subdivision 8, continues to qualify for the amortization state aid and the supplemental amortization aid until December 31, 2009~~ received amortization aid in 2011 and is required to make a municipal contribution under section 353.665, subdivision 8, paragraph (b), (c), or (d), whichever applies, continues to qualify for amortization state aid for the duration of the applicable municipal contribution.

Sec. 72. Minnesota Statutes 2012, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization or supplementary amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid ~~and supplemental amortization aid distributed under subdivisions subdivision 1 and 1a~~ that is not distributed for any reason to a municipality ~~for use by a local police or salaried fire relief association~~ must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments ~~shall~~ must be made on ~~or before June 30~~ July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth Teachers Retirement Fund Association becomes fully funded, ~~its~~ the association's eligibility for ~~its portion of~~ this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization and supplementary amortization aid under paragraph (a), ~~prior to before June 30~~ annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid ~~and supplemental amortization aid under subdivisions 1 and subdivision 1a~~ that is not distributed for any reason to a municipality ~~for use by a local police or salaried firefighter relief association~~ must

be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

Sec. 73. Minnesota Statutes 2012, section 423A.02, subdivision 3a, is amended to read:

Subd. 3a. **Appropriations for amortization state aid; ~~supplementary amortization state aid; and amortization state aid and supplementary state aid reallocations.~~** ~~\$4,720,000~~ \$5,720,000 is annually appropriated from the general fund to the commissioner of revenue for amortization state aid under subdivision 1, and for the reallocation of amortization aid under subdivision 3. ~~\$1,000,000 is annually appropriated from the general fund to the commissioner of revenue for supplementary amortization state aid under subdivision 1a, and for the reallocation of supplementary amortization state aid under subdivision 3.~~

Sec. 74. Minnesota Statutes 2012, section 423A.02, subdivision 4, is amended to read:

Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid, ~~supplemental amortization aid,~~ and additional amortization aid under this section payable to a municipality to which section 353.665, subdivision 8, paragraph (b), (c), or (d), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b), (c), or (d).

(b) Any aid amount in excess of the limit under this subdivision for an individual municipality must be redistributed to the other municipalities to which section 353.665, subdivision 8, paragraph (b), (c), or (d), applies. The excess aid must be distributed in proportion to each municipality's additional municipal contribution under section 353.665, subdivision 8, paragraph (b), (c), or (d).

(c) When the total aid for each municipality under this section equals the limit under paragraph (a), any aid in excess of the limit must be redistributed under subdivision 1b.

Sec. 75. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid, ~~supplemental amortization state aid,~~ and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial accrued liability of that plan or ~~December 31, 2009~~ when the assets of the Duluth Teachers Retirement Fund Association equal the actuarial accrued liability of that plan, whichever is later.

Sec. 76. Minnesota Statutes 2012, section 424A.001, subdivision 4, is amended to read:

Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters' relief association" means a volunteer firefighters' relief association or a volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters under chapter 317A and any laws of the state;

(2) governed by this chapter and sections 69.771 to 69.775; and

(3) directly associated with:

(i) a fire department established by municipal ordinance;

(ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes; or

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or "volunteer firefighters' relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by ~~section 69.77~~ sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed by chapter 353G.

(c) A relief association or volunteer firefighters' relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

Sec. 77. Minnesota Statutes 2012, section 424A.02, subdivision 9, is amended to read:

Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, including any volunteer firefighters relief association governed by ~~section 69.77~~ sections 31 to 42 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

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

(2) with respect to any defined benefit relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension must be calculated by multiplying the service pension amount specified in the bylaws of the relief association at the time of death or disability, whichever applies, by the years of service credited to the member or former member. The years of service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit; or (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit must be calculated without regard to whether the member had attained the minimum amount of service and membership credit specified in the governing bylaws. For active members, the amount of a permanent disability benefit or a survivor benefit must be equal to the member's total earned service pension except that the bylaws of a defined benefit relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 78. Minnesota Statutes 2012, section 475.52, subdivision 6, is amended to read:

Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; for funding floating indebtedness; for funding actuarial liabilities to pay postemployment benefits to employees or officers after their termination of service; or

for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed under sections 356.215 and 356.216. The board of trustees or directors of a the Bloomington Fire Department Relief Association referred to in section 69.77 must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members. For purposes of this section, the term "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board.

Sec. 79. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall not show the text of Minnesota Statutes, section 69.77, and shall add the note in Minnesota Statutes, section 69.77, "CITY OF BLOOMINGTON; LOCAL."

(b) In Minnesota Statutes 2014 and subsequent editions, Minnesota Statutes, sections 69.771 to 69.776 must be recodified as Minnesota Statutes, sections 424A.091 to 424A.096, and all statutory cross-references revised.

Sec. 80. **REPEALER.**

(a) Minnesota Statutes 2012, section 353.665, subdivisions 2, 3, 4, 6, 7, 9, and 10, are repealed.

(b) Minnesota Statutes 2012, sections 353.667; 353.668; 353.669; and 353.6691, are repealed.

(c) Minnesota Statutes 2012, sections 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; and 353B.14, are repealed.

(d) Minnesota Statutes 2012, sections 423A.01; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; and 423A.22, are repealed.

(e) Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3; and 423A.02, subdivision 1a, are repealed.

(f) Minnesota Statutes 2012, section 69.77, subdivision 3, is repealed.

Sec. 81. **EFFECTIVE DATE; PRIOR AID ALLOCATIONS VALIDATED.**

(a) Sections 69 to 75 are effective June 1, 2013.

(b) Except as provided in paragraph (c), sections 1 to 68 and 76 to 80 are effective July 1, 2013.

(c) With respect to the city of Minneapolis, section 18 is effective retroactively from July 20, 2011, and with respect to the city of Fairmont, section 18 is effective retroactively from May 10, 2012.

(d) Allocations of amortization state aid, supplementary amortization state aid, or additional amortization state aid made by the commissioner of revenue before January 1, 2013, are hereby validated.

ARTICLE 6**VOLUNTEER FIREFIGHTER RETIREMENT CHANGES**

Section 1. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

Subdivision 1. **Covered relief associations.** The applicable provisions of sections 69.771 to 69.776 ~~apply to govern any firefighters' relief association other than defined in section 424A.001, subdivision 4, and do not apply to a relief association enumerated in section 69.77, subdivision 1a, which is organized under any laws of this state, which is composed of volunteer firefighters or is composed partially of volunteer firefighters and partially of salaried firefighters with retirement coverage provided by the public employees police and fire fund and which, in either case, operates subject to the service pension minimum requirements for entitlement and maximums contained in section 424A.02, or subject to a special law modifying those requirements or maximums.~~

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

Sec. 2. Minnesota Statutes 2012, section 69.774, subdivision 1, is amended to read:

Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit corporations.** (a) ~~This section shall apply~~ applies to any independent nonprofit firefighting corporation incorporated or organized ~~pursuant to~~ under chapter 317A which: (1) operates exclusively for firefighting purposes;; (2) which is composed of volunteer firefighters;; and (3) which has a duly established separate subsidiary incorporated firefighters' relief association which provides retirement coverage for or pays a service pension to a retired firefighter or a retirement benefit to a surviving dependent of either an active or a retired firefighter, and which ~~operates is subject to the service pension minimum requirements for entitlement to and maximums for a service pension contained in section 424A.02, or a special law modifying those requirements or maximums~~ applicable provisions of chapter 424A.

(b) Notwithstanding any law to the contrary, a municipality contracting with an independent nonprofit firefighting corporation ~~shall~~ must be included in the distribution of fire state aid to the appropriate county auditor by the state auditor only if the independent nonprofit firefighting corporation complies with the provisions of this section.

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

Sec. 3. Minnesota Statutes 2012, section 353G.05, subdivision 2, is amended to read:

Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer firefighters by the retirement plan is initiated by a request to the executive director for a cost analysis of the prospective retirement coverage.

(b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief association governed by chapter 424A, the cost analysis of the prospective retirement coverage must be requested jointly by the secretary of the volunteer firefighters' relief association, following approval of the request by the board of the volunteer firefighters' relief association, and the chief administrative officer of the entity associated with the relief association, following approval of the request by the governing body of the entity associated with the relief association. If the relief association is associated with more than one entity, the chief administrative officer of each associated entity must execute the request. If the volunteer firefighters are not currently covered by a volunteer firefighters' relief association, the cost analysis of the prospective retirement coverage

must be requested by the chief administrative officer of the entity operating the fire department. The request must be made in writing and must be made on a form prescribed by the executive director.

(c) The cost analysis of the prospective retirement coverage by the statewide retirement plan must be based on the service pension amount under section 353G.11 closest to the service pension amount provided by the volunteer firefighters' relief association if the relief association is a lump-sum defined benefit plan, or the amount equal to 95 percent of the most current average account balance per relief association member if the relief association is a defined contribution plan, or to the lowest service pension amount under section 353G.11 if there is no volunteer firefighters' relief association, rounded up, and any other service pension amount designated by the requester or requesters. The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

(d) If a cost analysis is requested and a volunteer firefighters' relief association exists that has filed the information required under section 69.051 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the volunteer firefighters' relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

(e) If a cost analysis is requested, the executive director of the State Board of Investment shall review the investment portfolio of the relief association, if applicable, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under paragraph (f), the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of retirement plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

(f) Upon receipt of the cost analysis, the governing body of the municipality or independent nonprofit firefighting corporation associated with the fire department shall either approve or disapprove the retirement coverage change within ~~90~~ 120 days. If the retirement coverage change is not acted upon within ~~90~~ 120 days, it is deemed to be disapproved. If the retirement coverage change is approved by the applicable governing body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the next following January 1.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 424A.001, is amended by adding a subdivision to read:

Subd. 11. **Fiscal year.** The fiscal year for a volunteer firefighter relief association begins on January 1 of each calendar year and ends on December 31 of the same calendar year.

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

Sec. 5. Minnesota Statutes 2012, section 424A.01, subdivision 6, is amended to read:

Subd. 6. **Return to active firefighting after break in service.** (a) ~~The requirements of This section apply~~ subdivision applies to all breaks in service, except ~~breaks in that the resumption service mandated by~~ requirements of this subdivision do not apply to leaves of absence made available by federal or statute, such as the Family Medical Leave Act, United States Code, title 29, section 2691, and the Uniformed Services Employment and Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply to leaves of absence made available by state law statute, such as the Parental Leave Act, section 181.941; the Leave for Organ Donations Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section 593.50.

(b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

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

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

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

(c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for the same period of service.

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

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service.

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

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

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

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service

requirement of section 424A.016, subdivision 3, based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

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

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

Sec. 6. Minnesota Statutes 2012, section 424A.015, subdivision 1, is amended to read:

Subdivision 1. **Separation from active service; exception.** (a) No service pension is payable to a person while the person remains an active member of the respective fire department, and a person who is receiving a service pension is not entitled to receive any other benefits from the special fund of the relief association.

(b) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person is ~~employed subsequent to retirement by~~ discontinues volunteer firefighter duties with the municipality or the independent nonprofit firefighting corporation, whichever applies, to perform and performs duties within the municipal fire department or corporation on a full-time basis;

(2) the governing body of the municipality or of the corporation has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.

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

Sec. 7. Minnesota Statutes 2012, section 424A.015, subdivision 4, is amended to read:

Subd. 4. **Transfer to individual retirement account.** A relief association that is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, and that provides a single payment service pension, at the written request of the applicable retiring member or, following the death of the active member, at the written request of the deceased member's surviving spouse, may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension or the ~~death or~~ survivor benefit attributable to the member, whichever applies, to the requesting person's individual retirement account under section 408(a) of the Internal Revenue Code, as amended.

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

Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 6, is amended to read:

Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled to a deferred service pension if the member:

~~(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;~~

~~(2) has completed at least five years of active membership in the relief association; and~~

~~(3) separates from active service and membership and has completed the minimum service and membership requirements in subdivision 2.~~ The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

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

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

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

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

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

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

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

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

(e) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw

provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

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

Sec. 9. Minnesota Statutes 2012, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member:

~~(1) has completed the lesser of either the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;~~

~~(2) has completed at least five years of active membership in the relief association; and~~

~~(3) separates from active service and membership and has completed the minimum service and membership requirements in subdivision 1.~~ The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

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

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

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

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

(3) at an interest rate of up to five percent, compounded annually, as set by the board of ~~directors and approved as provided in subdivision 10~~ trustees.

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

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

~~(e)~~ (f) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional

investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the first day of the month next following the date that on which the member separates from active service and membership and ending on the accounting date last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

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

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

~~(g)~~ (h) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

EFFECTIVE DATE. This section is effective January 1, 2014, with respect to the amendments to paragraphs (c), (d), and (e), and is effective retroactively from January 1, 2013, with respect to the amendments to paragraph (f).

Sec. 10. Minnesota Statutes 2012, section 424A.10, subdivision 1, is amended to read:

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

(1) "qualified recipient" means an individual who receives a lump-sum distribution of pension or retirement benefits from a volunteer firefighters' relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan for service that the individual has performed as a volunteer firefighter;

(2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving spouse of a deceased active or deferred volunteer firefighter ~~under section 424A.001, subdivision 6~~; or, if none, the surviving child or children of a deceased active or deferred volunteer firefighter;

(3) "active volunteer firefighter" means a person who regularly renders fire suppression service for a municipal fire department or an independent nonprofit firefighting corporation, who has met the statutory and other requirements for relief association membership, and who is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one month; and

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who terminated active firefighting service, has sufficient service credit from the applicable relief association or from

the voluntary statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension.

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

Sec. 11. Minnesota Statutes 2012, section 424A.10, subdivision 2, is amended to read:

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter retirement plan of a lump-sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association ~~may~~ must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association ~~if its articles of incorporation or bylaws so provide~~ and the retirement plan ~~may~~ must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

(c) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer firefighter benefit.

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

Sec. 12. WHITE BEAR LAKE VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION; RETIREE DEATH BENEFIT.

Notwithstanding any provision of Minnesota Statutes, section 424A.05, subdivision 3, clause (4), to the contrary, the White Bear Lake Volunteer Fire Department Relief Association may provide, if its bylaws so provide, for the payment of a \$2,000 lump sum death benefit from the special fund of the relief association to the estate of a person who was a member of the relief association, who rendered at least 20 years of firefighting service in the fire department and membership in the relief association, who retired before January 1, 2009, who received a monthly benefit service pension from the relief association for the month in which this section became effective, and who died after the effective date of the bylaw amendment that implements the authority under this section.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of White Bear Lake and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **REPEALER.**

Minnesota Statutes 2012, section 424A.10, subdivision 5, is repealed.

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

ARTICLE 7

ONE PERSON AND SMALL GROUP RETIREMENT CHANGES

Section 1. Minnesota Statutes 2012, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (7) employees of the legislature who are appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (9) employees of the Minnesota Safety Council;
- (10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
- (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;
- (12) judges of the Tax Court;
- (13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;

- (14) personnel who are employed as seasonal employees in the classified or unclassified service;
- (15) persons who are employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;
- (16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);
- (17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply;
- (18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply; and
- (19) employees of the Minnesota Sports Facilities Authority; and
- (20) employees of the Minnesota Association of Professional Employees.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

EFFECTIVE DATE. (a) This section is effective July 1, 2013.

(b) The membership inclusion under paragraph (a), clause (20), does not apply to a person who is receiving an age and service retirement annuity from the general state employees retirement plan of the Minnesota State Retirement System on June 30, 2013.

Sec. 2. Minnesota Statutes 2012, section 352.029, subdivision 1, is amended to read:

Subdivision 1. **Qualifications.** Unless already specifically included under section 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision 2b, a state employee on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees may elect under subdivision 2 to be covered by the general state employees retirement plan of the Minnesota State Retirement System for service with the labor organization, subject to the limitations set forth in subdivisions 2a and 2b.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 352.029, subdivision 2a, is amended to read:

Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary for a labor organization employee who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who qualifies for membership under this section or section 352.75 is limited to the lesser of:

- (1) the employee's actual salary as defined under section 352.01, subdivision 13; or
- (2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 352.04, subdivisions 2

and 3, and in determining retirement annuities and other benefits under this chapter and chapter 356.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 352.029, subdivision 2b, is amended to read:

Subd. 2b. **Earning restrictions apply.** A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination of employment by the labor organization by the person who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who elected coverage under subdivision 1 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 352.115, subdivision 10, applies in the event that the person who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who elected coverage under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Minnesota State Retirement System by virtue of that employment.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 352.029, subdivision 3, is amended to read:

Subd. 3. **Contributions.** The employee and employer contributions required by section 352.04, or by section 352.92 for employees covered by section 352.91, are the obligation of the employee who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who chooses coverage under this section. However, the employing labor organization may pay the employer contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, or by section 352.92 for employees covered by section 352.91.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 352.029, subdivision 5, is amended to read:

Subd. 5. **Board membership excluded.** Employees of a labor organization who become members of the system under section 352.01, subdivision 2a, paragraph (a), clause (20), or under this section are not eligible for election to the board of directors.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. **[356.408] TERMINATION OF SURVIVOR DESIGNATION.**

Subdivision 1. **Authorization to terminate optional annuity form.** A public pension plan retired member receiving a joint and survivor retirement annuity or a person receiving a joint and survivor disability benefit from a plan listed in section 356.30, subdivision 3, and the designated survivor of that person may mutually agree to terminate the survivor designation by filing a termination statement on a form and in the manner specified by the chief administrative officer of the applicable public pension plan. Upon filing a valid termination statement accepted by the chief administrative officer, the rights of the designated survivor to receive a benefit upon death of the plan retired or disabled annuitant are terminated, and the retired or disabled annuitant must receive a normal single-life annuity.

Subd. 2. **Revised annuity form.** The replacement single life annuity must be actuarially equivalent to the joint and survivor annuity as of the first day of the month following acceptance

of the valid termination statement by the chief administrative officer and payment of this revised prospective annuity begins on that same date.

Subd. 3. **Application.** This section does not apply if the designated survivor is the spouse or former spouse of the plan member.

Subd. 4. **Termination statement form requirements.** The annuity form termination statements must be in written form and must be notarized. Before accepting any signed form or forms, the chief administrative officer of the applicable pension plan must offer counseling to the retired or disabled annuitant and the designated survivor regarding the implications of the annuity form waiver. The forms must indicate that this counseling has been offered and either has been completed or has been waived by the retired or disabled annuitant and the designated survivor.

Subd. 5. **Prohibition against further annuity form revisions.** No retired or disabled annuitant who waives the annuity form under this section may further revise the annuity form at any later date.

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

Sec. 8. Minnesota Statutes 2012, section 356.48, subdivision 1, is amended to read:

Subdivision 1. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(3) the State Patrol retirement plan established under chapter 352B;

(4) the unclassified state employees retirement program of the Minnesota State Retirement System established under chapter 352D;

(5) the general employee retirement plan of the Public Employees Retirement Association established under chapter 353;

(6) the public employees police and fire retirement plan established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(8) the Teachers Retirement Association established under chapter 354; and

(9) the St. Paul Teachers Retirement Fund Association established under chapter 354A; and

~~(9)~~ (10) the uniform judicial retirement plan established under chapter 490.

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

Sec. 9. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION; SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

(a) An eligible person described in paragraph (b) is entitled to purchase prior uncredited service credit under paragraph (c) and, if the service credit purchase is made, to have the effective start date

for active retirement plan membership of June 30, 1989, and to retire under Minnesota Statutes, section 352.116, subdivision 1.

(b) An eligible person is a person who:

(1) was born on July 17, 1964;

(2) was initially employed by the state of Minnesota as a temporary status laborer general on June 19, 1989;

(3) became a seasonal status laborer general on August 30, 1989;

(4) became an unlimited status laborer general on December 12, 1990;

(5) has received annual statements from the Minnesota State Retirement System indicating eligibility for a retirement benefit under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b), as of September 1, 2012, including the June 30, 2012, annual statement;

(6) attended a Minnesota State Retirement System preretirement class in March 2012 and was individually informed by a Minnesota State Retirement System employee of the person's retirement eligibility under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); and

(7) received a letter from the Minnesota State Retirement System on August 16, 2012, revising the start date for general state employees retirement plan allowable service credit from June 19, 1989, to September 27, 1989, and indicating consequent inapplicability of Minnesota Statutes, section 352.116, subdivision 1.

(c) An eligible person may purchase allowable service credit in the general state employees retirement plan of the Minnesota State Retirement System for the period June 30, 1989, by paying an amount equal to 7.63 percent of salary earned after June 18, 1989, to June 30, 1989, and to 8.85 percent of salary earned after June 30, 1989, to September 27, 1989, plus 8.5 percent compound interest on the total equivalent employee and employer contribution amounts from the date on which the contribution would have been deducted or paid if the person had been a member of the general state employees retirement plan of the Minnesota State Retirement System at the time to the date that this portion of the prior service credit purchase payment is made. The payment must be made in a lump sum.

(d) An eligible person who purchased allowable service credit under paragraph (c) has a June 30, 1989, start date for allowable service credited by the general state employees retirement plan of the Minnesota State Retirement System and is eligible for a retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

(e) Authority to purchase prior uncredited allowable service credit under this section expires on August 1, 2013.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 10. PERA-GENERAL; PURCHASE OF CERTAIN PRIOR NORTHFIELD SERVICE CREDIT.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, an eligible person described in paragraph (b) is entitled to repay any prior refund as provided in paragraph (c) and is entitled to purchase service credit as provided in paragraph (d).

(b) An eligible person is a person who:

(1) was born on July 10, 1942;

(2) was employed by the city of Northfield on October 5, 2005;

(3) became a member of the general employees retirement plan of the Public Employees Retirement Association on April 5, 2009;

(4) was employed by the transit division of the city of Northfield until June 29, 2012; and

(5) was eligible for PERA general employees retirement plan membership on October 5, 2005, but was not reported to PERA for membership in a timely fashion.

(c) The eligible person may repay to the general employees retirement fund of the Public Employees Retirement Association any refund of accumulated member contributions and interest previously received, plus interest at an annual rate of 8.5 percent compounded annually from the date on which the refund was paid until the date on which the refund is repaid.

(d) If the eligible person repays all prior refunds under paragraph (c), the eligible person may purchase 43 months of allowable service credit and salary credit from the general employees retirement plan of the Public Employees Retirement Association by making a payment equal to the unpaid member contributions during the period October 5, 2005, until April 5, 2009, plus 8.5 percent interest from the date that each contribution would have been transmitted to the Public Employees Retirement Association until the date that the payment under this paragraph is made.

(e) If the eligible person makes the payment required under paragraph (c) in a timely fashion, within 30 days following notification of that fact by the executive director of the Public Employees Retirement Association, the city of Northfield shall pay the balance of the prior service credit purchase payment amount required under Minnesota Statutes, section 356.551. If the payment by the city of Northfield is not paid in a timely fashion, the executive director shall collect the unpaid amount as provided under Minnesota Statutes, section 353.28, subdivision 6.

(f) Authority to repay a refund and to make a prior service credit purchase payment under this section expires on December 31, 2014.

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

Sec. 11. PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED CONTRIBUTION PERIOD; WRIGHT COUNTY HIGHWAY DEPARTMENT EMPLOYEE.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is entitled to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member deductions described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on March 19, 1959;

(2) is a current employee of the Wright County Highway Department, covered by the general employees retirement plan of the Public Employees Retirement Association;

(3) shifted from temporary to full-time employment with the highway department in April 2007; and

(4) was not reported by Wright County for retirement coverage by and membership in the general employees retirement plan of the Public Employees Retirement Association until March 2012.

(c) The period of uncredited service authorized for purchase is the period from April 2007 through December 2008, during which no member contributions for the general employees retirement plan of the Public Employees Retirement Association were deducted from the eligible person's salary by Wright County, and which could not be corrected through the Public Employees Retirement Association omitted contribution provision due to a three-year time limit in the provision.

(d) Minnesota Statutes, section 356.551, applies to this purchase, except that the purchase payment amount payable by the eligible person is the employee contributions that should have been made, plus 8.5 percent interest compounded annually from the date each deduction should have occurred, until the date paid to the Public Employees Retirement Association. The purchase payment amount payable by Wright County is the balance of the full actuarial value prior service credit purchase payment amount as of the first day of the month next following the receipt of the eligible person's payment that is remaining after deducting the purchase payment amount payable by the eligible person.

(e) The payment amount due from the county under paragraph (d) must be made on or before the 15th of the month next following the receipt of the eligible person's payment under paragraph (d). If the county purchase payment amount is not paid in a timely fashion, the amount due accrues compound monthly interest at the rate of 0.71 percent per month from the first day of the month next following the receipt of the eligible person's payment until the county purchase payment amount is received by the Public Employees Retirement Association. If the county purchase payment amount is not paid to the Public Employees Retirement Association 90 days after the receipt of the eligible person's payment, the executive director shall notify the commissioner of management and budget and the commissioner of revenue of that unpaid obligation and the unpaid obligation must be deducted from any state aid otherwise payable to the county, plus interest.

(f) The eligible person must provide the executive director of the Public Employees Retirement Association with any relevant requested information pertaining to this service credit purchase.

(g) Authority to make a service credit purchase under this section expires on June 30, 2014, or upon the termination from public employment under Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.

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

ARTICLE 8

MISCELLANEOUS PROVISIONS

Section 1. **[6.496] VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; STATE BOARD OF INVESTMENT OPTIONS.**

(a) Annually, on or before March 1, the state auditor shall provide all volunteer firefighter relief associations with recent and historic investment performance results of the various accounts of the Minnesota supplemental investment fund and information on the process and procedures for

a volunteer firefighter relief association to utilize the Minnesota supplemental investment fund as an investment option.

(b) Annually, on or before March 1, the state auditor shall provide all volunteer firefighter relief associations with basic information on the voluntary statewide lump-sum volunteer firefighter retirement plan, that a fire department has the option annually to join the retirement plan, and that, if the fire department joins the retirement plan, future asset investments would be the responsibility of the State Board of Investment.

(c) The information provision required by paragraphs (a) and (b) may be provided in an electronic or other format if the state auditor determines that the format is reasonably accessible by a preponderance of volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 352.03, subdivision 4, is amended to read:

Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

- (1) elect a chair;
- (2) appoint an executive director;
- (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D, and 490 and transact the business of the system, subject to the limitations of law;
- (4) consider and dispose of, or take any other action the board of directors deems appropriate concerning, denials of applications for annuities or disability benefits under this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;
- (5) oversee the administration of the deferred compensation plan established in section 352.965;
and
- (6) oversee the administration of the health care savings plan established in section ~~352.98~~; and
- (7) approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

(b) The board shall advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control.

Sec. 3. Minnesota Statutes 2012, section 353.03, subdivision 3, is amended to read:

Subd. 3. **Duties and powers.** (a) The board shall:

- (1) elect a president and vice-president;
- (2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund;
- (3) adopt bylaws for its own government and for the management of the fund consistent with the laws of the state and may modify them at pleasure;

(4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and the terms of the applicable benefit plans for the administration and management of the fund, for the payment and collection of payments from members and for the payment of withdrawals and benefits, and that are necessary in order to comply with the applicable federal Internal Revenue Service and Department of Labor requirements;

(5) pass upon and allow or disallow all applications for membership in the fund and allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

(6) adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary and approved under section 356.215, subdivision 18, with interest set at the rate specified in section 356.215, subdivision 8;

(7) provide for the payment out of the fund of the cost of administering this chapter, of all necessary expenses for the administration of the fund and of all claims for withdrawals, pensions, or benefits allowed; ~~and~~

(8) approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a.; and

(9) approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

(b) In passing upon all applications and claims, the board may summon, swear, hear, and examine witnesses and, in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of the fund, as a condition precedent to the passing on the claim, and, in the case of all applications and claims, may conduct investigations necessary to determine their validity and merit.

(c) The board may continue to authorize the sale of life insurance to members under the insurance program in effect on January 1, 1985, but must not change that program without the approval of the commissioner of management and budget. The association shall not receive any financial benefit from the life insurance program beyond the amount necessary to reimburse the association for costs incurred in administering the program. The association shall not engage directly or indirectly in any other activity involving the sale or promotion of goods or services, or both, whether to members or nonmembers.

(d) The board shall establish procedures governing reimbursement of expenses to board members. These procedures must define the types of activities and expenses that qualify for reimbursement, must provide that all out-of-state travel be authorized by the board, and must provide for the independent verification of claims for expense reimbursement. The procedures must comply with the applicable rules and policies of the Department of Management and Budget and the Department of Administration.

(e) The board may purchase fiduciary liability insurance and official bonds for the officers and members of the board of trustees and employees of the association and may purchase property insurance or may establish a self-insurance risk reserve including, but not limited to, data processing insurance and "extra-expense" coverage.

Sec. 4. Minnesota Statutes 2012, section 354.07, subdivision 1, is amended to read:

Subdivision 1. **General powers of board.** The board has the power to frame bylaws for its own government and for the management of the association not inconsistent with the laws of the state and to modify them at its pleasure; to adopt, alter, and enforce reasonable rules not inconsistent with the laws of the state for the administration and management of the association, for the payment and collection of payments from members, and for the payment of withdrawals and benefits; to pass upon and allow or disallow applications for membership in the association and for credit for teaching service; to pass upon and allow or disallow claims for withdrawals, pensions, or benefits payable by the fund; to adopt an appropriate mortality table based on experience of the association as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest assumption specified in section 356.215, subdivision 8; to approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; to establish the schedule for implementation of the approved factors; to notify the Legislative Commission on Pensions and Retirement of the implementation schedule; and to provide for the payment out of the fund of necessary expenses for the administration by the association and of claims for withdrawals, pensions, or benefits allowed.

Sec. 5. Minnesota Statutes 2012, section 354A.021, subdivision 2, is amended to read:

Subd. 2. **Organization; board duties.** (a) Each teachers retirement fund association shall be organized and governed pursuant to this chapter and chapter 317A, except that each association shall be deemed to be a nonprofit corporation without coming within the definition in section 317A.011, subdivision 6. Any corporate action of any teachers retirement fund association taken prior to April 9, 1976, shall be deemed to be valid if it conformed with Minnesota Statutes 1976, chapter 317 or 354A, or Revised Laws 1905, chapter 58, as amended through April 9, 1976.

(b) In addition to the other powers and duties of a board of trustees of a first class city teacher retirement fund association, the board shall approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; shall establish the schedule for implementation of the approved factors; and shall notify the Legislative Commission on Pensions and Retirement of the implementation schedule."

Delete the title and insert:

"A bill for an act relating to retirement, Minnesota State Retirement System, Public Employees Retirement Association, and former local police and paid firefighter relief associations; authorizing investments in swaps; clarifying language; removing obsolete language; revising outdated requirements; revising contribution rate revision procedures; revising disability standards and disability benefit administration procedures; merging the elected state officers retirement plan into the legislators retirement plan; revising pension commission standards provision; revising pension plan financial report contents provision; clarifying coverage of student employees and extending duration of excluded work-study positions; revising military service credit purchase provision for consistency with federal code; clarifying average salary for benefit purposes; clarifying MERF division benefit eligibility; adding Lake County Sunrise Home to privatization chapter; removing legislative approval requirements for privatizations; modifying legislative notification requirements for privatizations; clarifying privatized public hospital pension benefit eligibility; making various administrative changes; eliminating the PERA Social Security leveling optional annuity; revising and repealing various statutes to reflect the recent mergers of local police and salaried firefighter relief associations and consolidation accounts with the public employees police

and fire retirement plan; streamlining amortization state aid programs; extending the deadline for participation in the voluntary statewide lump-sum volunteer firefighter retirement plan; requiring municipal approval for deferred service pension interest rate changes by volunteer firefighter relief association boards of trustees; authorizing a resumption of the payment of a death benefit to estates of certain White Bear Lake volunteer firefighter relief association retirees; including Minnesota Association of Professional Employees in MSRS-General plan coverage; authorizing the termination of nonspousal survival designations in optional annuity form elections in certain instances; authorizing certain service credit purchases; providing instructions to the revisor of statutes; amending Minnesota Statutes 2012, sections 3.85, subdivision 10; 3A.011; 3A.03, subdivision 3; 3A.07; 3A.115; 3A.13; 3A.15; 6.495, subdivisions 1, 3; 6.67; 11A.24, subdivision 1; 13D.01, subdivision 1; 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.77, subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771, subdivision 1; 69.774, subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381; 352.01, subdivisions 2a, 17b; 352.029, subdivisions 1, 2a, 2b, 3, 5; 352.03, subdivisions 4, 8; 352.045, by adding subdivisions; 352.113, subdivisions 4, 6, 8, by adding subdivisions; 352.115, subdivision 3; 352.22, subdivision 3; 352.87, subdivision 3; 352.93, subdivision 2; 352.95, subdivision 1; 352.955, subdivisions 1, 3; 352B.011, subdivision 13; 352B.08, subdivision 2; 352B.10, subdivision 1, by adding a subdivision; 352D.04, subdivision 2; 353.01, subdivisions 2a, 2b, 6, 10, 16, 17a, 29; 353.03, subdivision 3; 353.27, subdivision 7; 353.29, subdivision 3; 353.34, subdivisions 1, 2; 353.50, subdivisions 3, 6; 353.64, subdivision 1a; 353.651, subdivision 3; 353.656, subdivisions 1, 1a, 3a; 353.657, subdivisions 2, 2a, 3; 353.659; 353.665, subdivisions 1, 5, 8; 353.71, subdivision 1; 353E.04, subdivision 3; 353E.06, subdivision 1; 353F.02, subdivisions 3, 4, 6, by adding a subdivision; 353F.025, subdivisions 1, 2; 353F.03; 353F.04; 353F.05; 353F.051, subdivision 1; 353F.052; 353F.06; 353F.07; 353F.08; 353G.05, subdivision 2; 354.07, subdivision 1; 354.44, subdivision 6; 354A.021, subdivision 2; 354A.31, subdivisions 4, 4a; 356.20, subdivisions 2, 4; 356.214, subdivision 1; 356.215, subdivisions 1, 8, 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.30, subdivisions 1, 3; 356.315, subdivision 9; 356.401, subdivision 3; 356.406, subdivision 1; 356.415, subdivisions 1, 1a, 1b, 2; 356.48, subdivision 1; 356.635, subdivision 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4, by adding a subdivision; 424A.01, subdivision 6; 424A.015, subdivisions 1, 4; 424A.016, subdivision 6; 424A.02, subdivisions 7, 9; 424A.10, subdivisions 1, 2; 475.52, subdivision 6; 490.121, subdivision 22; 490.124, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3A; 6; 353F; 356; repealing Minnesota Statutes 2012, sections 3A.02, subdivision 3; 69.021, subdivision 6; 69.77, subdivision 3; 352.955, subdivision 2; 352C.001; 352C.091, subdivision 1; 352C.10; 353.29, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14; 353F.02, subdivisions 4, 5; 353F.025, subdivision 3; 356.315, subdivisions 1, 1a, 2, 2a, 2b, 3, 4, 5, 5a, 6, 7, 8; 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; 423A.22; 424A.10, subdivision 5."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 1224: A bill for an act relating to education; clarifying basic skills requirements for teacher candidates and licensure; establishing an advisory task force; amending Minnesota Statutes 2012, sections 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.23, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 6, delete section 4 and insert:

"Sec. 4. **TEACHER LICENSURE ADVISORY TASK FORCE.**

Subdivision 1. **Establishment and duties.** (a) A Teacher Licensure Advisory Task Force is established to make recommendations to the Board of Teaching, the education commissioner, and the education committees of the legislature on requirements for: teacher applicants to demonstrate mastery of college-level reading, writing, and mathematics skills through nationally normed assessments, a college-level skills portfolio, or accredited college coursework, among other methods of demonstrating basic skills mastery; and an alternative licensure pathway for nonnative English speakers seeking licensure to teach in a language immersion program.

(b) Task force recommendations on how teacher candidates demonstrate college-level skills mastery must encompass the following criteria:

- (1) assessment content must be relevant to the teacher's subject area licensure;
- (2) the scope of assessment content must be documented in sufficient detail to correspond to a similarly detailed description of relevant public school curriculum;
- (3) the scope of assessment content must be publicly available and readily accessible on the Web site of the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions;
- (4) the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions, upon request, must make available to the public at cost a written review of the scope of assessment content;
- (5) if applicable, the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions annually must post on their Web site up-to-date longitudinal summary data showing teacher candidates' overall passing rate and the passing rate for each demographic group of teacher candidates taking a college-level skills assessment in that school year and in previous school years;
- (6) reliable evidence showing assessment content is not culturally biased;
- (7) the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions must appropriately accommodate teacher candidates with documented learning disabilities, including an appeals process if a request for accommodations is denied; and
- (8) if applicable, give timely, detailed item analysis feedback to teacher candidates who do not pass the basic skills assessment sufficient for the candidate to target specific areas of deficiency for appropriate remediation.

Subd. 2. **Membership.** The Teacher Licensure Advisory Task Force shall be composed of the following 19 members appointed by July 15, 2013:

- (1) two members of the Board of Teaching appointed by the board's executive director;
- (2) two representatives from the Department of Education appointed by the commissioner of education;
- (3) two members of the house of representatives, one appointed by the speaker of the house of representatives, and one appointed by the minority leader;
- (4) two senators, one appointed by the Subcommittee on Committees of the Committee on Rules and Administration, and one appointed by the minority leader;
- (5) one elementary school principal from rural Minnesota appointed by the Minnesota Elementary School Principals Association and one secondary school principal from the seven-county metropolitan area appointed by the Minnesota Secondary School Principals Association;
- (6) one licensed and practicing public elementary school teacher and one licensed and practicing secondary school teacher appointed by Education Minnesota;
- (7) one teacher preparation faculty member each from the University of Minnesota system appointed by the system president, the Minnesota State Colleges and Universities system appointed by the system chancellor, and the Minnesota Private Colleges and Universities system appointed by the Minnesota Private Colleges Council;
- (8) one member of the nonpublic education council appointed by the council;
- (9) one representative of Minnesota charter schools appointed by the Minnesota Charter Schools Association; and
- (10) two representatives from the business community, appointed by the Minnesota Chamber of Commerce.

Subd. 3. **First meeting; chair.** The executive director of the Board of Teaching must convene the task force by August 1, 2013, and shall appoint a chair from the membership of the task force.

Subd. 4. **Compensation.** Task force members are not eligible for compensation or reimbursement for expenses related to task force activities.

Subd. 5. **Support.** The executive director of the board and the commissioner of education must provide technical assistance to task force members upon request.

Subd. 6. **Report.** By February 1, 2014, task force members must submit to the Board of Teaching, the education commissioner, and to the chairs and ranking minority members of the senate and house of representatives committees and divisions with primary jurisdiction over K-12 education their written recommendations on requirements for teacher applicants to demonstrate mastery of basic reading, writing, and mathematics skills and for an alternative licensure pathway for nonnative English speakers seeking licensure to teach in a language immersion program.

Subd. 7. **Sunset.** The task force shall sunset the day after submitting the report under subdivision 6, or February 2, 2014, whichever is earlier.

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

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was referred

S.F. No. 1208: A bill for an act relating to taxation; authorizing the creation of an Isanti Area Joint Operating Fire District.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **ISANTI AREA JOINT OPERATING FIRE DISTRICT.**

Subdivision 1. **Agreement.** The city of Isanti, and one or more of the townships of Athens, Stanford, Bradford, Isanti, and Oxford may, by action of their city council and town boards, establish the Isanti Area Joint Operating Fire District. The district shall provide fire protection services throughout its territory and may exercise all the powers of the city and towns that relate to fire protection anywhere within its territory. The district shall be governed by a board, which shall exercise the authority of the district and manage its affairs, including appointment of a fire chief and such other actions as it deems appropriate. Any other contiguous town or statutory city may join the district with the agreement of the cities and towns that comprise the district at the time of its application to join by majority vote of the district board. Action to join the district may be taken by the city council or town board of the city or town.

Subd. 2. **Membership.** The district board shall consist of one elected member appointed by the city council or town board of each city or town in the district. Each member appointed by the city council or town board will have individual voting authority. The chief or designee of the district may serve as a non-voting member of the board.

Subd. 3. **Officers.** The district shall elect from among its voting members a chair and vice chair. The chair shall act as the presiding officer at all district board meetings, unless the chair is not present, in which case the vice chair shall preside.

Subd. 4. **Terms.** Members shall serve one-year terms ending the first Monday in January. Vacancies on the board shall be filled in the manner as its original members.

Subd. 5. **Meetings.** The board shall hold monthly meetings at a time and location to be set by the board, with notice provided in accordance with Minnesota Statutes, section 13D.04. The district may, by board resolution, determine to hold more or fewer meetings, or to change the location and or time of the meetings.

Subd. 6. **Tax.** The district may impose a property tax on real property in the district in an amount sufficient to discharge its operating expenses and debt payable in each year. The tax shall be disregarded in the calculation of any levies or limits on levies provided by Minnesota Statutes, chapter 275, or any other law. A city or town that joins the district may not incur expenses or debt for fire protection services for territory included in the district.

Subd. 7. **Withdrawal.** Upon two years' notice, a city or town may withdraw from the district. Its territory shall remain subject to taxation for debt incurred prior to its withdrawal.

Subd. 8. **Nullification of prior joint powers agreement.** If the fire district is established in subdivision 1, then the Isanti Area Joint Operating Fire District joint powers agreement made effective in 2005 is hereby nullified and shall be of no further force or effect."

And when so amended the bill do pass and be re-referred to the Committee on Taxes. Amendments adopted. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 991: A bill for an act relating to human services; creating the Emerging Adulthood Task Force.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 5, delete "(a)"

Page 1, line 8, delete the second "and"

Page 1, delete lines 10 and 11

Page 1, lines 20 and 21, delete "from" and insert "designated by" and delete "providing" and insert ", selected by the commissioner of human services, that provides"

Page 1, line 22, delete "from" and insert "designated by" and after "organization" insert ", selected by the commissioner of human services"

Page 1, line 23, delete "from" and insert "designated by"

Page 2, lines 1 and 3, delete "from" and insert "designated by" and after "organization" insert ", selected by the commissioner of human services,"

Page 2, line 4, delete "from" and insert "designated by" and after "agency" insert ", selected by the commissioner of human services,"

Page 2, line 6, after "youth" insert "designated by the commissioner of human services"

Page 2, after line 7, insert:

"(b) Appointments and designations shall be made by August 15, 2013."

Page 2, line 8, delete "(b)" and insert "(c)"

Page 2, line 9, delete "(c)" and insert "(d)"

Page 2, after line 28, insert:

"Subd. 4. **First meeting.** The commissioner of human services shall convene the first meeting of the task force by September 1, 2013."

Page 2, line 29, after "commissioner" insert "of human services" and after "submit" insert "a report summarizing"

Page 2, line 30, delete "legislature, and" and insert "the"

Page 2, line 31, delete "no later than" and insert ", and the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over human services, by"

Page 3, line 4, delete everything after "expire" and insert "on June 30, 2014."

Page 3, delete line 5

Renumber the subdivisions in sequence

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 1232: A bill for an act relating to elections; establishing a pilot project for conducting elections using electronic roster technology; creating the Electronic Roster Task Force; requiring a report; appropriating money.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 17, delete "(a)"

Page 2, line 2, after the third comma, insert "if available,"

Page 2, line 5, delete ", the voter's registration status is challenged,"

Page 2, line 8, delete "record" and insert "registration status" and after "challenged" insert ". This clause only applies to precincts using electronic poll books to verify registration status"

Page 2, delete lines 11 and 12

Page 3, line 34, delete "No member of the task force may have" and insert "No one who has"

Page 3, line 35, after "technology" insert "is eligible to be a member of the task force"

Page 4, delete subdivision 5

Renumber the subdivisions in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 662: A bill for an act relating to health plan regulation; regulating policy and contract coverages; conforming state law to federal requirements; establishing a working group on health insurance market rules; amending Minnesota Statutes 2012, sections 43A.23, subdivision 1; 43A.317, subdivision 6; 60A.08, subdivision 15; 62A.011, subdivision 3, by adding subdivisions; 62A.02, by adding a subdivision; 62A.03, subdivision 1; 62A.04, subdivision 2; 62A.047; 62A.049; 62A.136; 62A.149, subdivision 1; 62A.17, subdivisions 2, 6; 62A.21, subdivision 2b; 62A.28, subdivision 2; 62A.302; 62A.615; 62A.65, subdivisions 3, 5, 6, 7, by adding subdivisions; 62C.14, subdivision 5; 62C.142, subdivision 2; 62D.07, subdivision 3; 62D.095; 62D.181, subdivision 7; 62E.02, by adding a subdivision; 62E.04, subdivision 4; 62E.06, subdivision 1; 62E.09; 62E.10,

subdivision 7; 62H.04; 62L.02, subdivisions 11, 14a, 26, by adding a subdivision; 62L.03, subdivisions 1, 3, 4, 6; 62L.045, subdivisions 2, 4; 62L.05, subdivision 10; 62L.06; 62L.08; 62L.12, subdivision 2; 62M.05, subdivision 3a; 62M.06, subdivision 1; 62Q.01, by adding subdivisions; 62Q.021; 62Q.17, subdivision 6; 62Q.18, by adding a subdivision; 62Q.19, subdivision 1; 62Q.23; 62Q.43, subdivision 2; 62Q.47; 62Q.52; 62Q.55; 62Q.68, subdivision 1; 62Q.69, subdivision 3; 62Q.70, subdivisions 1, 2; 62Q.71; 62Q.73; 62Q.75, subdivision 1; 62Q.80, subdivision 2; 72A.20, subdivision 35; 471.61, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapters 62A; 62Q; proposing coding for new law as Minnesota Statutes, chapter 62K; repealing Minnesota Statutes 2012, sections 62A.615; 62A.65, subdivision 6; 62D.124; 62E.02, subdivision 7; 62E.16; 62E.20; 62L.02, subdivisions 4, 18, 19, 23, 24; 62L.05, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 11, 12, 13; 62L.081; 62L.10, subdivision 5; 62Q.37, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 86, after line 14, insert:

"Subd. 5. **Chairs.** The commissioners of health and commerce shall serve as cochairs of the working group and shall alternate to preside over meetings. The commissioner of health shall preside over the first meeting."

Renumber the subdivisions in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 1160, 1073, 726, 1260, 695, 1423, 614, 934, 693, 443, 1307, 561, 1297, 971, 1340, 1086, 745, 324, 768, 411, 1305, 1455, 489 and 991 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Koenen, Sheran, Dibble and Dahms introduced—

S.F. No. 1512: A bill for an act relating to capital investment; appropriating money to the Minnesota Valley Regional Rail Authority; authorizing sale and issuance of general obligation bonds.

Referred to the Committee on Finance.

Senator Koenen introduced—

S.F. No. 1513: A bill for an act relating to parks; appropriating money for Sibley State Park.

Referred to the Committee on Finance.

Senator Brown introduced—

S.F. No. 1514: A bill for an act relating to natural resources; allowing owner or occupant of land to take geese causing damage; amending Minnesota Statutes 2012, section 97B.655, subdivision 1.

Referred to the Committee on Environment and Energy.

Senator Newman introduced—

S.F. No. 1515: A bill for an act relating to capital investment; appropriating money for a new municipal building in Cosmos; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Dzedzic introduced—

S.F. No. 1516: A bill for an act relating to taxation; property; modifying property tax refunds; decreasing the threshold percentage for the homestead credit refund for homeowners; increasing the percentage of rent constituting property taxes; amending Minnesota Statutes 2012, sections 290A.03, subdivisions 11, 13; 290A.04, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapter 290A.

Referred to the Committee on Taxes.

Senator Torres Ray introduced—

S.F. No. 1517: A bill for an act relating to education; modifying charter school provisions; amending Minnesota Statutes 2012, section 124D.10, subdivisions 4, 4a, 11, 23.

Referred to the Committee on Education.

Senators Chamberlain, Housley, Brown and Benson introduced—

S.F. No. 1518: A bill for an act relating to state government; providing that legislators and constitutional officers do not participate in the state employee group insurance program; amending Minnesota Statutes 2012, section 43A.24, subdivisions 1, 2.

Referred to the Committee on State and Local Government.

Senator Schmit introduced—

S.F. No. 1519: A bill for an act relating to capital investment; appropriating money for the Goodhue Pioneer State Trail; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Rest introduced—

S.F. No. 1520: A bill for an act relating to property taxation; limiting taxable valuation for class 4d property; amending Minnesota Statutes 2012, section 273.11, by adding a subdivision.

Referred to the Committee on Taxes.

Senators Wiger and Eaton introduced—

S.F. No. 1521: A bill for an act relating to game and fish; prohibiting taking wolves in Boundary Waters Canoe Area; amending Minnesota Statutes 2012, section 97B.647, subdivision 3.

Referred to the Committee on Environment and Energy.

Senator Koenen introduced—

S.F. No. 1522: A bill for an act relating to capital investment; appropriating money for flood relief for the city of Maynard; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Rest introduced—

S.F. No. 1523: A bill for an act relating to taxation; eliminating sales tax on purchases by cities and counties; amending Minnesota Statutes 2012, section 297A.70, subdivision 2.

Referred to the Committee on Taxes.

Senator Saxhaug introduced—

S.F. No. 1524: A bill for an act relating to state government; changing requirements for radio station grants; appropriating money; amending Minnesota Statutes 2012, section 129D.14, subdivisions 2, 3.

Referred to the Committee on Finance.

Senator Tomassoni introduced—

S.F. No. 1525: A bill for an act relating to capital investment; appropriating money for an event center in the Giants Ridge Recreation Area; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Bakk and Saxhaug introduced—

S.F. No. 1526: A bill for an act relating to capital improvements; appropriating money for the Gitchi Gami State Trail; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Bakk and Saxhaug introduced—

S.F. No. 1527: A bill for an act relating to capital investment; appropriating money for the Two Harbors Marina; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Cohen, Saxhaug, Dibble and Tomassoni introduced—

S.F. No. 1528: A bill for an act relating to arts and cultural heritage; appropriating money for Minnesota Public Radio.

Referred to the Committee on Finance.

Senators Dibble, Cohen, Bonoff, Stumpf and Tomassoni introduced—

S.F. No. 1529: A bill for an act relating to state government; appropriating money for Minnesota Public Radio, Inc.

Referred to the Committee on Finance.

Senator Miller introduced—

S.F. No. 1530: A bill for an act relating to capital investment; appropriating money for Winona State University to create an education village; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Hayden and Champion introduced—

S.F. No. 1531: A bill for an act relating to health; establishing a pilot grant program for outreach to communities of color and other under-represented minority groups who are or may be afflicted with dementia but are not yet diagnosed; appropriating money for health outreach grants and specific education activities.

Referred to the Committee on Health, Human Services and Housing.

Senator Kiffmeyer introduced—

S.F. No. 1532: A bill for an act relating to education; modifying enrollment priorities under the Postsecondary Enrollment Options Act; amending Minnesota Statutes 2012, section 124D.09, subdivision 9.

Referred to the Committee on Education.

Senator Rest introduced—

S.F. No. 1533: A bill for an act relating to public finance; authorizing certain investments of public funds; providing for repayment of certain energy improvements; changing certain requirements for financing capital equipment purchases; capital improvements; changing certain election requirements for issuance of street reconstruction bonds; amending Minnesota Statutes 2012, sections 118A.04, subdivision 3; 118A.05, subdivision 5; 216C.436, subdivision 7; 373.01, subdivision 3; 373.40, subdivisions 1, 2; 410.32; 412.301; 473.606, subdivision 3; 475.521, subdivisions 1, 2; 475.58, subdivision 3b; repealing Minnesota Statutes 2012, section 428A.101.

Referred to the Committee on Taxes.

Senators Pappas and Cohen introduced–

S.F. No. 1534: A bill for an act relating to state government; implementing recommendations of the Compensation Council; modifying certain salary provisions; requiring a compensation study; providing for legislative, judicial, and constitutional officers' salaries; appropriating money; amending Minnesota Statutes 2012, sections 3.099, subdivision 1; 3.855, subdivision 3; 15A.0815, subdivisions 1, 2, 3, 5; 43A.17, subdivisions 1, 3; repealing Minnesota Statutes 2012, section 43A.17, subdivision 4.

Referred to the Committee on Finance.

MOTIONS AND RESOLUTIONS

Senator Nienow moved that the name of Senator Anderson be added as a co-author to Senate Resolution No. 34. The motion prevailed.

Senator Ruud moved that her name be stricken as a co-author to S.F. No. 731. The motion prevailed.

Senator Ruud moved that her name be stricken as a co-author to S.F. No. 740. The motion prevailed.

Senator Dahle moved that the name of Senator Eken be added as a co-author to S.F. No. 1246. The motion prevailed.

Senator Pederson, J. moved that the name of Senator Nelson be added as a co-author to S.F. No. 1407. The motion prevailed.

Senator Torres Ray moved that her name be stricken as a co-author to S.F. No. 1506. The motion prevailed.

Senator Latz moved that S.F. No. 7, No. 40 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Champion moved that S.F. No. 840 be withdrawn from the Committee on Finance, given a second reading, and placed on General Orders. The motion prevailed.

S.F. No. 840 was read the second time.

Senator Scalze moved that S.F. No. 1245, No. 109 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Dahle moved that S.F. No. 1282 be withdrawn from the Committee on Education and re-referred to the Committee on Finance. The motion prevailed.

Senators Franzen, Wiger, Tomassoni, Housley and Dziedzic introduced –

Senate Resolution No. 51: A Senate resolution congratulating the Edina High School boys hockey team on winning the 2013 State High School Class 2A boys hockey championship.

Referred to the Committee on Rules and Administration.

Senator Fischbach introduced –

Senate Resolution No. 52: A Senate resolution congratulating Derek Peters of Avon, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

MEMBERS EXCUSED

Senators Bakk, Housley, Kiffmeyer, Metzen, Ortman, Sieben and Westrom were excused from the Session of today.

ADJOURNMENT

Senator Hayden moved that the Senate do now adjourn until 11:00 a.m., Thursday, April 4, 2013. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

