

SEVENTY-SECOND DAY

St. Paul, Minnesota, Monday, March 19, 2018

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rabbi Marcia Zimmerman.

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:

Abeler	Draheim	Housley	Little	Ruud
Anderson, B.	Dziedzic	Ingebrigtsen	Lourey	Senjem
Anderson, P.	Eaton	Isaacson	Marty	Simonson
Bakk	Eichorn	Jasinski	Mathews	Sparks
Benson	Eken	Jensen	Miller	Tomassoni
Bigham	Fischbach	Johnson	Nelson	Torres Ray
Carlson	Franzen	Kent	Newman	Utke
Chamberlain	Frentz	Kiffmeyer	Newton	Weber
Champion	Gazelka	Klein	Osmek	Westrom
Clausen	Goggin	Koran	Pappas	Wiger
Cohen	Hall	Laine	Pratt	Wiklund
Cwodzinski	Hawj	Lang	Relph	
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Anderson, B. from the Committee on Veterans and Military Affairs Finance and Policy, to which was referred

S.F. No. 3000: A bill for an act relating to the military; authorizing state active service and pay for armory rentals; amending Minnesota Statutes 2016, section 190.08, by adding a subdivision.

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

Senator Anderson, B. from the Committee on Veterans and Military Affairs Finance and Policy, to which was referred

S.F. No. 3261: A bill for an act relating to property taxes; disabled veterans homestead exclusion; modifying the spousal benefit; amending the application requirement; amending Minnesota Statutes 2017 Supplement, section 273.13, subdivision 34.

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

Senator Anderson, B. from the Committee on Veterans and Military Affairs Finance and Policy, to which was referred

S.F. No. 3001: A bill for an act relating to the military; authorizing rental of and rental terms for certain Military Department buildings; amending Minnesota Statutes 2016, section 190.16, subdivision 6a.

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

Senator Anderson, B. from the Committee on Veterans and Military Affairs Finance and Policy, to which was referred

S.F. No. 2653: A bill for an act relating to military veterans; appropriating money for grants to centers for independent living to provide services to veterans.

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

Senator Kiffmeyer from the Committee on State Government Finance and Policy and Elections, to which was referred

S.F. No. 2694: A bill for an act relating to elections; requiring the commissioner of natural resources to provide voter registration information; proposing coding for new law in Minnesota Statutes, chapter 97A.

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

Delete everything after the enacting clause and insert:

"Section 1. [15.443] VOTER REGISTRATION INFORMATION.

Subdivision 1. Agency or department Web sites. (a) On the Web site of each state department or agency where an individual may obtain a license or permit, or update or renew a license or permit, the commissioner must include the following voter registration information:

- (1) voter registration eligibility requirements;
- (2) a description of how to register prior to election day;
- (3) a description of how to register on election day; and
- (4) a link to the secretary of state's online voter registration Web site.

(b) This subdivision applies, at a minimum, to the Commerce Department, the Department of Agriculture, the Department of Education, the Department of Health, the Department of Human Rights, the Department of Human Services, the Department of Labor and Industry, the Department of Natural Resources, the Department of Public Safety, and the Department of Transportation.

Subd. 2. Agency or department rule or regulation publications. The commissioner of each agency must include voter registration information in any printed or digital rule or regulation publication. At a minimum, the voter registration information required by this section must include the following:

- (1) voter registration eligibility requirements;
- (2) a description of how to register prior to election day;
- (3) a description of how to register on election day; and
- (4) a link to the secretary of state's online voter registration Web site."

Delete the title and insert:

"A bill for an act relating to elections; requiring state agencies to provide voter registration information; proposing coding for new law in Minnesota Statutes, chapter 15."

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

Senator Kiffmeyer from the Committee on State Government Finance and Policy and Elections, to which was referred

S.F. No. 3306: A bill for an act relating to campaign finance; adding new definitions; amending provisions relating to disclosure, independent expenditures, noncampaign disbursements, reporting requirements, coordinated and noncoordinated expenditures, and various other changes to campaign finance laws; amending Minnesota Statutes 2016, sections 10A.01, subdivisions 5, 26, by adding subdivisions; 10A.022, subdivision 3, by adding subdivisions; 10A.025, by adding a subdivision; 10A.07, subdivisions 1, 2; 10A.08, subdivision 1, by adding a subdivision; 10A.15, by adding subdivisions; 10A.17, subdivision 4; 10A.25, subdivision 3a; 10A.273, subdivision 3; 10A.322, subdivision 1; 211B.04; Minnesota Statutes 2017 Supplement, sections 10A.09, subdivisions 5, 6; 10A.155; 10A.20, subdivision 3; 10A.27, subdivision 16a; 10A.323; proposing coding for new law

in Minnesota Statutes, chapter 10A; repealing Minnesota Rules, parts 4501.0200, subparts 1, 2; 4501.0500, subpart 1a; 4503.0100, subpart 6; 4503.0500, subpart 2; 4503.1300, subpart 4; 4505.0010; 4505.0100, subparts 1, 4, 6; 4505.0700; 4515.0010; 4515.0100, subparts 1, 5; 4515.0500, subpart 1; 4520.0010; 4520.0100, subparts 1, 4, 6; 4520.0400; 4520.0500; 4525.0330; 4525.0340, subpart 1.

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

Page 25, line 11, after "11:59" insert "p.m."

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

Senator Osmeck from the Committee on Energy and Utilities Finance and Policy, to which was referred

S.F. No. 3245: A bill for an act relating to energy; modifying the energy improvements program; providing consumer protections for residential property assessed clean energy (PACE) loans; providing remedies; amending Minnesota Statutes 2016, sections 45.011, subdivision 1; 46.04, subdivision 1; 46.131, subdivisions 1, 2, 4; 216C.435, subdivisions 1, 2, 3a, 6, 8, by adding subdivisions; 216C.436, subdivisions 1, 2, 5, 7, 8, 9, by adding a subdivision; 290B.03, subdivision 1; Minnesota Statutes 2017 Supplement, section 46.131, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 216C; repealing Minnesota Statutes 2016, section 216C.435, subdivision 5.

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

Page 22, line 4, delete everything after "industry" and insert "as a residential building contractor or residential remodeler."

Page 22, delete line 5

Page 23, after line 32, insert:

"(12) engage in practices prohibited under section 326B.84;"

Page 24, line 1, delete "(12)" and insert "(13)"

Page 24, line 4, delete "(13)" and insert "(14)"

Page 24, line 5, delete "(14)" and insert "(15)"

Page 26, line 6, after the first "rate" insert ", all fees,"

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

Senator Osmek from the Committee on Energy and Utilities Finance and Policy, to which was referred

S.F. No. 3290: A bill for an act relating to energy; establishing a process to compensate businesses for loss of business opportunity resulting from sale and closure of a biomass energy plant; proposing coding for new law in Minnesota Statutes, chapter 116C.

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

Page 1, delete subdivision 1

Renumber the subdivisions in sequence

Page 2, line 13, delete everything after "f" and insert a period

Page 2, delete lines 14 and 15

Page 3, line 18, delete everything after "made" and insert "within 180 days after the deadline for filing claims with the administrative law judge."

Page 3, line 19, delete "2019."

Page 4, delete subdivision 3 and insert:

"Subd. 3. **Payment of expenses.** The chief administrative law judge shall certify to the commissioner of management and budget the total costs incurred for administering the biomass business compensation claims process during each fiscal year, in an amount less than or equal to \$..... The commissioner of management and budget shall transfer the amount of certified costs incurred for these activities from the renewable development account under section 116C.779 and deposit it to the administrative hearings account under section 14.54. Transfers may occur quarterly, based on quarterly cost and revenue reports, throughout the fiscal year, with final certification and reconciliation after each fiscal year."

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

Senator Housley from the Committee on Aging and Long-term Care Policy, to which was referred

S.F. No. 2564: A bill for an act relating to human services; recodifying elderly waiver language; making technical corrections; amending Minnesota Statutes 2016, sections 144.0724, subdivision 11; 144G.05; 245A.11, subdivision 7a; 245D.02, subdivisions 3, 4b, 10; 256B.038; 256B.059, subdivision 1; 256B.0595, subdivision 1; 256B.06, subdivision 4; 256B.0659, subdivision 1; 256B.0711, subdivision 1; 256B.0913, subdivisions 4, 7, 8, 13, 14; 256B.0917, subdivision 1a; 256B.0918, subdivision 2; 256B.0919, subdivision 3; 256B.0922, subdivision 2; 256B.15, subdivision 4; 256B.439, subdivision 1; 256B.4912, subdivisions 1, 5, 7; 256B.69, subdivision 6b; 256B.765; 256B.85, subdivisions 2, 3, 6; 295.50, subdivision 9b; Minnesota Statutes 2017 Supplement, sections 144.0724, subdivision 2; 144D.04, subdivision 2a; 245A.03, subdivision 7; 245A.04, subdivision 14; 245A.11, subdivisions 9, 10, 11; 245D.03, subdivision 1; 256B.051, subdivision 3; 256B.0911,

subdivisions 1a, 3a; proposing coding for new law as Minnesota Statutes, chapter 256S; repealing Minnesota Statutes 2016, section 256B.0915, subdivisions 1a, 1b, 1d, 2, 3, 3b, 3c, 3d, 3f, 3g, 3i, 3j, 4, 6, 7, 8, 9, 10; Minnesota Statutes 2017 Supplement, section 256B.0915, subdivisions 1, 3a, 3e, 3h, 5, 11, 12, 13, 14, 15, 16, 17.

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

Page 25, after line 28, insert:

"Sec. 33. **DIRECTION TO COMMISSIONER; TRANSITION PROCESS.**

(a) The commissioner of human services shall update references to statutes recodified in this act when printed material is replaced and new printed material is obtained in the normal course of business. The commissioner is not required to replace existing printed material to comply with this act.

(b) The commissioner of human services shall update references to statutes recodified in this act when online documents and Web sites are edited in the normal course of business. The commissioner is not required to edit online documents and Web sites merely to comply with this act.

(c) The commissioner of human services shall update references to statutes recodified in this act when the home and community-based service waiver plans are updated in the normal course of business. The commissioner is not required to update the home and community-based service waiver plans merely to comply with this act."

Renumber the sections in sequence

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

Senator Housley from the Committee on Aging and Long-term Care Policy, to which was referred

S.F. No. 2762: A bill for an act relating to human services; modifying the construction project rate for certain nursing facilities; amending Minnesota Statutes 2016, section 256B.434, by adding a subdivision.

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

Senator Housley from the Committee on Aging and Long-term Care Policy, to which was referred

S.F. No. 2490: A bill for an act relating to health; requiring the commissioner of health to convene the older adult social isolation working group; appropriating money; requiring a report.

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

Delete everything after the enacting clause and insert:

"Section 1. **OLDER ADULT SOCIAL ISOLATION WORKING GROUP.**

Subdivision 1. Establishment; members. (a) The commissioner of health or the commissioner's designee shall convene an older adult social isolation working group consisting of the following:

(1) three members appointed by the Alzheimer's Association Minnesota-North Dakota Chapter, one of whom is diagnosed with Alzheimer's or dementia, one of whom is a caregiver of a person diagnosed with Alzheimer's or dementia, and one of whom represents the association;

(2) the executive director of Giving Voice;

(3) one member appointed by the Mayo Clinic Alzheimer's Disease Research Center;

(4) one member appointed by AARP Minnesota;

(5) one member appointed by Little Brothers-Friends of the Elderly, Minneapolis/St. Paul;

(6) one member appointed by the Minnesota HomeCare Association;

(7) one member appointed by LeadingAge Minnesota;

(8) one member appointed by Care Providers of Minnesota;

(9) one member appointed by the Minnesota Rural Health Association;

(10) the commissioner of health or the commissioner's designee;

(11) one member appointed by the Minnesota Board on Aging;

(12) one member appointed by the Commission of Deaf, Deafblind and Hard of Hearing Minnesotans;

(13) one member appointed by the Vital Aging Network;

(14) one member who is a geriatrician or family physician practicing in a rural community appointed by the commissioner of health;

(15) one member who is a geriatrician practicing in the metropolitan area appointed by the commissioner of health;

(16) one member appointed by NAMI Minnesota; and

(17) one member appointed by each of the Minnesota Area Agencies on Aging.

(b) The appointing authorities must make their appointments by July 15, 2018.

(c) The commissioner of health or the commissioner's designee must convene the first meeting by August 14, 2018.

(d) The working group shall elect a chair from among its membership at its first meeting.

Subd. 2. **Duties; recommendations.** (a) The older adult social isolation working group must assess the current and future impact of social isolation on the lives of Minnesotans over age 55. The working group shall consider and make recommendations to the governor and chairs and members of the committees in the house of representatives and senate with jurisdiction over health, human services, or aging and long-term care on the following issues:

(1) the public health impact of social isolation in the older adult population of Minnesota;

(2) identify existing Minnesota resources, services, and capacity to respond to the issue of social isolation in older adults;

(3) needed policies or community responses, including but not limited to expanding current services or developing future services after identifying gaps in service for rural geographical areas;

(4) needed policies or community responses, including but not limited to the expansion of culturally appropriate current services or developing future services after identifying gaps in service for persons of color; and

(5) impact of social isolation on older adults with disabilities and needed policies or community responses.

(b) The working group must solicit stakeholder input from interested stakeholders representing rural communities, communities of color, and providers of services to seniors, including religious organizations.

Subd. 3. **Meetings.** The working group must hold at least four public meetings beginning August 14, 2018. All meetings must be open to the public. To the extent possible, technology must be utilized to reach the greatest number of interested persons throughout the state. The commissioner of health shall provide meeting space, technology, and administrative staff support for the working group. The working group must complete the required meeting schedule by December 10, 2018.

Subd. 4. **No compensation.** Public members of the working group serve without compensation.

Subd. 5. **Report.** No later than January 14, 2019, the commissioner of health must submit a report and the working group's recommendations to the governor and chairs and members of the committees in the house of representatives and senate with jurisdiction over health, human services, or aging and long-term care. The report must include draft legislation to implement any recommended changes to statutes.

Subd. 6. **Sunset.** The working group sunsets upon delivery of the required report to the governor and legislative committees.

Sec. 2. **APPROPRIATION.**

\$75,000 in fiscal year 2019 is appropriated from the general fund to the commissioner of health for the costs related to the salary of an independent, professional facilitator as well as printing and duplicating costs and expenses related to meeting management for the working group."

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

Senator Housley from the Committee on Aging and Long-term Care Policy, to which was referred

S.F. No. 919: A bill for an act relating to commerce; providing financial exploitation protections for older adults and vulnerable adults; proposing coding for new law as Minnesota Statutes, chapter 45A.

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

Delete everything after the enacting clause and insert:

"Section 1. **[45A.01] DEFINITIONS.**

Subdivision 1. **Scope and application.** For purposes of this chapter, the terms in this section have the meanings given them.

Subd. 2. **Agent.** "Agent" has the meaning given in section 80A.41.

Subd. 3. **Broker-dealer.** "Broker-dealer" has the meaning given in section 80A.41.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 5. **Common entry point.** "Common entry point" has the meaning given in section 626.5572, subdivision 5.

Subd. 6. **Eligible adult.** "Eligible adult" means:

(1) a person 65 years of age or older; or

(2) a person subject to section 626.5572, subdivision 21.

Subd. 7. **Financial exploitation.** "Financial exploitation" means:

(1) the wrongful or unauthorized taking, withholding, appropriation, expenditure, or use of money, assets, or property of an eligible adult; or

(2) an act or omission taken by a person, including through the use of a power of attorney, guardianship, trustee, or conservatorship of an eligible adult, to:

(i) obtain control, through deception, intimidation, or undue influence, over the eligible adult's money, assets, or property to deprive the eligible adult of the ownership, use, benefit, or possession of the eligible adult's money, assets, or property; or

(ii) convert money, assets, or property of the eligible adult to deprive the eligible adult of the ownership, use, benefit, or possession of the eligible adult's money, assets, or property.

Subd. 8. **Investment adviser.** "Investment adviser" has the meaning given in section 80A.41.

Subd. 9. **Investment adviser representative.** "Investment adviser representative" has the meaning given in section 80A.41.

Subd. 10. **Lead investigative agency.** "Lead investigative agency" has the meaning given in section 626.5572, subdivision 13.

Sec. 2. [45A.02] GOVERNMENTAL DISCLOSURES.

If a broker-dealer or investment adviser reasonably believes that financial exploitation of an eligible adult may have occurred, may have been attempted, or is being attempted, the broker-dealer or investment adviser may promptly notify the commissioner and the common entry point.

Sec. 3. [45A.03] IMMUNITY FOR GOVERNMENTAL DISCLOSURES.

A broker-dealer or investment adviser who, in good faith, makes a disclosure of information pursuant to section 45A.02, cooperates with a civil or criminal investigation of financial exploitation of an eligible adult, or testifies about alleged financial exploitation of an eligible adult in a judicial or administrative proceeding is immune from administrative or civil liability that might otherwise arise from the disclosure or testimony or for failure to notify the customer of the disclosure or testimony.

Sec. 4. [45A.04] THIRD-PARTY DISCLOSURES.

If a broker-dealer or investment adviser reasonably believes that financial exploitation of an eligible adult may have occurred, may have been attempted, or is being attempted, a broker-dealer or investment adviser may notify a third party reasonably associated with the eligible adult or any other person permitted under state or federal law or rule, rules of a self-regulating organization, or customer agreement. Disclosure may not be made to a third party that is suspected of financial exploitation or other abuse of the eligible adult.

Sec. 5. [45A.05] IMMUNITY FOR THIRD-PARTY DISCLOSURES.

A broker-dealer or investment adviser who, in good faith, complies with section 45A.04 is immune from administrative or civil liability that might otherwise arise from the disclosure.

Sec. 6. [45A.06] DELAYING DISBURSEMENTS.

(a) A broker-dealer or investment adviser shall delay a disbursement from or place a hold on a transaction involving an account of an eligible adult or an account on which an eligible adult is a beneficiary if the commissioner of commerce, law enforcement, or the prosecuting attorney's office provides information to the broker-dealer or investment adviser demonstrating that it is reasonable to believe that financial exploitation of an eligible adult may have occurred, may have been attempted, or is being attempted. A broker-dealer or investment adviser may delay a disbursement from or place a hold on a transaction involving an account of an eligible adult or an account on which an eligible adult is a beneficiary if:

(1) the broker-dealer or investment adviser reasonably believes, after initiating an internal review of the requested disbursement or transaction and the suspected financial exploitation, that the requested disbursement or transaction may result in financial exploitation of an eligible adult; and

(2) the broker-dealer or investment adviser:

(i) immediately, but in no event more than two business days after the delayed disbursement or transaction, provides written notification of the delay or hold and the reason for the delay or hold to all parties authorized to transact business on the account, unless the party is reasonably believed to have engaged in suspected or attempted financial exploitation of the eligible adult;

(ii) immediately, but in no event more than two business days after the delayed disbursement or transaction, notifies the commissioner and the common entry point; and

(iii) provides documentation and updates of any internal review conducted by the broker-dealer or investment adviser upon request of the commissioner, lead investigative agency, law enforcement agency, or the prosecuting attorney's office.

(b) A delay of a disbursement or hold on a transaction as authorized by this section expires upon the sooner of:

(1) a determination by the broker-dealer or investment adviser, commissioner, law enforcement agency, lead investigative agency, or prosecuting attorney's office that the disbursement or transaction will not result in financial exploitation of the eligible adult; or

(2) 15 business days after the date on which the broker-dealer or investment adviser first delayed disbursement of the funds or held the transaction, unless either of the agencies requests that the broker-dealer or investment adviser extend the delay or hold, in which case the delay or hold expires no more than 25 business days after the date on which the broker-dealer or investment adviser first delayed disbursement or placed the hold on the transaction unless sooner terminated or extended by either of the agencies or an order of a court of competent jurisdiction.

(c) A court of competent jurisdiction may enter an order extending the delay of the disbursement of funds or hold on the transaction or may order other protective relief based on the petition of the commissioner of commerce, lead investigative agency, broker-dealer or investment adviser, or other interested party that initiated the delay or hold under this section.

(d) Provided that a broker-dealer or investment adviser's internal review of the suspected or attempted financial exploitation of the eligible adult supports the broker-dealer or investment adviser's reasonable belief that financial exploitation of the eligible adult has occurred, has been attempted, or is being attempted, the temporary delay or hold may be extended by the broker-dealer or investment adviser for no longer than ten business days following the date authorized by paragraph (b), clause (2), unless otherwise terminated or extended by either of the agencies or an order of a court of competent jurisdiction.

Sec. 7. [45A.07] IMMUNITY FOR DELAYING DISBURSEMENTS.

A broker-dealer or investment adviser that, in good faith, complies with section 45A.06 or the commissioner of commerce, law enforcement agency, or the prosecuting attorney's office is immune from administrative or civil liability that might otherwise arise from the delay in a disbursement or placing a hold on a transaction in accordance with this chapter.

Sec. 8. [45A.08] RECORDS.

A broker-dealer or investment adviser shall provide access to or copies of records that are relevant to the suspected or attempted financial exploitation of an eligible adult to the common entry point, the lead investigative agency, and to law enforcement, either as part of a referral to the agency or to law enforcement, or upon request of the agency or law enforcement pursuant to an investigation. The records may include historical records as well as records relating to the most recent transaction or transactions that may comprise financial exploitation of an eligible adult. Records made available to agencies under this section are classified as private data on individuals or nonpublic data as those terms are defined in section 13.02, unless the records are part of an active civil investigation and classified as confidential or protected nonpublic under section 13.39. Nothing in this provision limits or otherwise impedes the authority of the commissioner of commerce to access or examine the books and records of broker-dealers or investment advisers as otherwise provided by law.

Sec. 9. **[45A.09] IMMUNITY FOR RECORDS DISCLOSURE.**

A broker-dealer or investment adviser who, in good faith, complies with section 45A.08, is immune from administrative or civil liability that might otherwise arise from the disclosure."

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

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 3125: A bill for an act relating to education; expanding the use of extended time to pupils enrolled in career and technical education courses; amending Minnesota Statutes 2016, section 126C.05, subdivision 15.

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 2017 Supplement, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal to the product of \$5,117 and the sum of the adjusted pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

(b) Extended time revenue for pupils placed in an on-site education program at the Prairie Lakes Education Center or the Lake Park School, located within the borders of Independent School District No. 347, Willmar, for instruction provided after the end of the preceding regular school year and before the beginning of the following regular school year equals membership hours divided by the minimum annual instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil unit weighting in section 126C.05, subdivision 1, times \$5,117.

(c) Extended time revenue for pupils enrolled in a career and technical education or science, technology, engineering, or math course offered for secondary credit by a high school outside of the regular school day equals membership hours divided by the minimum annual instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil unit weighting in section 126C.05, subdivision 1, times \$5,117.

(d) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, vacation break academies such as spring break academies and summer term academies, and other programming authorized under the learning year program.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2019 and later."

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on E-12 Finance. Amendments adopted. Report adopted.

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 3085: A bill for an act relating to education; assigning authority for pupil transportation for certain homeless students; appropriating money; amending Minnesota Statutes 2016, section 120A.20, subdivision 2.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on E-12 Finance. Report adopted.

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 2583: A bill for an act relating to education finance; authorizing the Willow River school district to use long-term facilities maintenance bond proceeds for other facility maintenance purposes.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on E-12 Finance. Report adopted.

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 3012: A bill for an act relating to education finance; modifying the education partnership program; establishing a priority for future grants; amending Minnesota Statutes 2017 Supplement, section 124D.99, subdivision 3; Laws 2017, First Special Session chapter 5, article 9, section 2, subdivision 7.

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

Page 3, line 20, before the period, insert "that have made progress toward the identified program outcomes under Minnesota Statutes, section 124D.99, subdivision 3, paragraph (d)"

And when so amended the bill do pass and be re-referred to the Committee on E-12 Finance. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 2556: A bill for an act relating to financial institutions; regulating health savings and medical savings accounts; providing asset protection; amending Minnesota Statutes 2016, section 550.37, by adding a subdivision.

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

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 2900: A bill for an act relating to education; fire safety; authorizing alternative fire drills for schools and educational institutions; amending Minnesota Statutes 2016, section 299F.30, subdivisions 1, 2.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on E-12 Policy. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 3241: A bill for an act relating to insurance; changing accreditation and certification requirements for reinsurers; amending Minnesota Statutes 2016, sections 13.7191, by adding a subdivision; 60A.092; 60A.093; 60A.096; 60A.097; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was re-referred

S.F. No. 730: A bill for an act relating to health; establishing an opiate stewardship program; appropriating money; requiring a report; amending Minnesota Statutes 2016, sections 151.065, by adding a subdivision; 151.252, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 151.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

OPIATE PRODUCT STEWARDSHIP

Section 1. Minnesota Statutes 2016, section 151.252, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) No person shall act as a drug manufacturer without first obtaining a license from the board and paying any applicable fee specified in section 151.065.

(b) Application for a drug manufacturer license under this section shall be made in a manner specified by the board.

(c) No license shall be issued or renewed for a drug manufacturer unless the applicant agrees to operate in a manner prescribed by federal and state law and according to Minnesota Rules.

(d) No license shall be issued or renewed for a drug manufacturer that is required to be registered pursuant to United States Code, title 21, section 360, unless the applicant supplies the board with proof of registration. The board may establish by rule the standards for licensure of drug manufacturers that are not required to be registered under United States Code, title 21, section 360.

(e) No license shall be issued or renewed for a drug manufacturer that is required to be licensed or registered by the state in which it is physically located unless the applicant supplies the board with proof of licensure or registration. The board may establish, by rule, standards for the licensure of a drug manufacturer that is not required to be licensed or registered by the state in which it is physically located.

(f) The board shall require a separate license for each facility located within the state at which drug manufacturing occurs and for each facility located outside of the state at which drugs that are shipped into the state are manufactured.

(g) The board shall not issue an initial or renewed license for a drug manufacturing facility unless the facility passes an inspection conducted by an authorized representative of the board. In the case of a drug manufacturing facility located outside of the state, the board may require the applicant to pay the cost of the inspection, in addition to the license fee in section 151.065, unless the applicant furnishes the board with a report, issued by the appropriate regulatory agency of the state in which the facility is located or by the United States Food and Drug Administration, of an inspection that has occurred within the 24 months immediately preceding receipt of the license application by the board. The board may deny licensure unless the applicant submits documentation satisfactory to the board that any deficiencies noted in an inspection report have been corrected.

(h) The board shall not issue a renewed license for a drug manufacturer unless the manufacturer pays any stewardship fee it is required to pay under section 151.2521.

Sec. 2. [151.2521] OPIATE PRODUCT STEWARDSHIP FEE.

Subdivision 1. Opiate product stewardship fee established. (a) A manufacturer licensed under section 151.252 that holds a United States Food and Drug Administration approved new drug application or approved abbreviated new drug application for any products containing opium or opiates listed in section 152.02, subdivision 3, paragraphs (b) and (c), any products containing narcotics listed in section 152.02, subdivision 4, paragraph (e), or any products containing narcotic drugs listed in section 152.02, subdivision 5, paragraph (b), shall pay to the Board of Pharmacy a stewardship fee as specified in this section.

(b) Drugs approved by the United States Food and Drug Administration for the treatment of opioid dependence are not subject to the annual stewardship fee, but only when used for that purpose.

Subd. 2. Reporting requirements. (a) Effective December 1, 2018, a manufacturer licensed under section 151.252 must provide the board with data about each of its prescription products that

contain controlled substances listed in section 152.02, subdivisions 3 to 6 that are sold within this state as of that date. The data shall include, for each product, the trade and generic names, strength, package size, and National Drug Code. A manufacturer required to report this data shall also report a billing address to which the board can send invoices and inquiries related to the product stewardship fee. A manufacturer must notify the board of any change to this data no later than 30 days after the change is made. The board may require a manufacturer to confirm the accuracy of the data on a quarterly basis. If a manufacturer fails to provide information required under this paragraph on a timely basis, the board may assess an administrative penalty of \$100 per day. This penalty must not be considered a form of disciplinary action.

(b) Effective February 1, 2019, a manufacturer licensed under section 151.252 or a wholesaler licensed under section 151.47 must report to the board every sale, delivery, or other distribution within or into this state of any prescription controlled substance listed in section 152.02, subdivisions 3 to 6, that is made to any practitioner, pharmacy, hospital, veterinary hospital, or other person who is permitted by section 151.37 to possess controlled substances for administration or dispensing to patients. Reporting must be in the automation of reports and consolidated orders system format unless otherwise specified by the board, and must occur by the 15th day of each calendar month, for sales, deliveries, and other distributions that occurred during the previous calendar month, except that the first report submitted to the board must include data retroactive to July 1, 2018. If a manufacturer or wholesaler fails to provide information required under this paragraph on a timely basis, the board may assess an administrative penalty of \$100 per day. This penalty must not be considered a form of disciplinary action.

(c) Effective February 1, 2019, any pharmacy licensed under section 151.19 and located outside of this state, including, but not limited to, community, long-term care, mail order, and compounding and central service pharmacies, must report to the board the dispensing of drugs listed in subdivision 1 that is made to patients located within this state. Reporting must be in the manner and format specified by the board, and must occur by the 15th day of each calendar month, for dispensing that occurred during the previous calendar month, except that the first report submitted to the board must include data retroactive to July 1, 2018. If a pharmacy fails to provide information required under this paragraph on a timely basis, the board may assess an administrative penalty of \$100 per day. This penalty must not be considered a form of disciplinary action.

(d) Effective February 1, 2019, the owners of pharmacies that are located within this state must report to the board the intracompany delivery or distribution, into this state, of the drugs listed in subdivision 1, to the extent that those deliveries and distributions are not reported to the board by a licensed wholesaler owned by, under contract to, or otherwise operating on behalf of the owner of the pharmacies. Reporting must be in the manner and format specified by the board, and must occur by the 15th day of each calendar month, for deliveries and distributions that occurred during the previous calendar month, except that the first report submitted to the board must include data retroactive to July 1, 2018.

Subd. 3. Invoicing and payment. (a) The board, beginning January 1, 2019, and at least quarterly, must use the data submitted under subdivision 2 to prepare invoices for each manufacturer that is required to pay the opiate stewardship fee required by this section. The invoices for each quarter must be prepared and sent to manufacturers no later than 45 days after the end of each quarter, except that the first invoice prepared by the board shall be for the first three quarters of fiscal year 2019. Manufacturers must remit payment to the board by no later than 30 days after the date of the

invoice. If a manufacturer fails to remit payment by that date, the board shall charge interest at the rate that manufacturers are charged interest for making late Medicaid rebate payments.

(b) A manufacturer may dispute the amount invoiced by the board no later than 30 days after the date of the invoice. However, the manufacturer must still remit payment for the amount invoiced as required by this section. The dispute must be filed with the board in the manner and using the forms specified by the board. A manufacturer must submit, with the required forms, data satisfactory to the board that demonstrates that the original amount invoiced was incorrect. The board must make a decision concerning a dispute no later than 60 days after receiving the required dispute forms. If the board determines that the manufacturer has satisfactorily demonstrated that the original fee invoiced by the board was incorrect, the board must reimburse the manufacturer for any amount that is in excess of the correct amount that should have been invoiced when the board notifies the manufacturer of its decision.

Subd. 4. **Calculation of fees.** (a) The board must calculate the fee that is to be paid by each manufacturer by using a base rate for all drugs listed in subdivision 1, and multipliers of the base rate for certain drugs and dosage forms as specified in this subdivision.

(b) The base rate shall be \$0.01 per unit distributed or dispensed. A unit is each capsule, tablet, milliliter, gram, or other such amount, as defined by board.

(c) An active ingredient multiplier of 10 shall be applied to the base for Schedule II opium derivatives and opiates, as defined in section 152.02, subdivision 3, except as further defined below:

(1) oxycodone: 15;

(2) oxymorphone: 15;

(3) hydromorphone: 15;

(4) methadone: 20; and

(5) fentanyl: 20.

(d) In addition to the active ingredient multiplier, a dosage form multiplier shall be applied to the base as follows:

(1) liquid: 0.2; and

(2) patch: 20.

Sec. 3. **[151.255] OPIATE STEWARDSHIP ADVISORY COUNCIL.**

Subdivision 1. **Establishment of the advisory council.** (a) The Opiate Stewardship Advisory Council is established to develop and implement a comprehensive and effective statewide effort to address the opioid addiction and overdose epidemic in Minnesota. The council shall focus on:

(1) prevention and education, including public education and awareness for adults and youth, prescriber education, the development and sustainability of opioid overdose prevention and education

programs, and providing financial support to local law enforcement agencies for opiate antagonist programs;

(2) treatment, including statewide access to effective treatment and recovery services that is aligned with Minnesota's model of care approach to promoting access to treatment and recovery services. This includes ensuring that individuals throughout the state have access to treatment and recovery services, including care coordination services; peer recovery services; medication-assisted treatment and office-based opioid treatment; integrative and multidisciplinary therapies; and culturally specific services; and

(3) innovation and capacity building, including development of evidence-based practices, using research and evaluation to understand which policies and programs promote efficient and effective prevention, treatment, and recovery results. This also includes ensuring that there are qualified providers and a comprehensive set of treatment and recovery services throughout the state.

(b) The council shall:

(1) review local, state, and federal initiatives and funding related to prevention and education, treatment, and services for individuals and families experiencing and affected by opioid abuse, and promoting innovation and capacity building to address the opioid addiction and overdose epidemic;

(2) establish priorities to address the state's opioid addiction and overdose epidemic for the purpose of allocating funds and consult with the commissioner of management and budget to determine whether proposals are for evidence-based practices, promising practices, or theory-based practices;

(3) ensure that available funding under this section is allocated to align with existing state and federal funding to achieve the greatest impact and ensure a coordinated state effort to address the opioid addiction and overdose epidemic;

(4) develop criteria and procedures to be used in awarding grants and allocating available funds from the opiate stewardship account and select proposals to receive grant funding. The council is encouraged to select proposals that are promising practices or theory-based practices, in addition to evidence-based practices, to help identify new approaches to effective prevention, treatment, and recovery; and

(5) in consultation with the commissioner of management and budget, and within available appropriations, select from the awarded grants projects that include promising practices or theory-based activities for which the commissioner of management and budget shall conduct evaluations using experimental or quasi-experimental design. Grants awarded to proposals that include promising practices or theory-based activities and that are selected for an evaluation shall be administered to support the experimental or quasi-experimental evaluation and require grantees to collect and report information that is needed to complete the evaluation. The commissioner of management and budget, under section 15.08, may obtain additional relevant data to support the experimental or quasi-experimental evaluation studies.

(c) The commissioner of human services shall award grants from the opiate stewardship account under section 151.256. The grants shall be awarded to proposals selected by the advisory council that address the priorities in paragraph (a), clauses (1) to (3). No more than three percent of the grant

amount may be used by the grantee for administration. The commissioner of human services shall submit a report of grants to be awarded for the upcoming fiscal year to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, by March 1 of each year, beginning March 1, 2019.

Subd. 2. **Membership.** (a) The council shall consist of 18 members appointed by the commissioner of human services, except as otherwise specified:

(1) two members of the house of representatives, one from the majority party appointed by the speaker of the house and one from the minority party appointed by the minority leader;

(2) two members of the senate, one from the majority party appointed by the senate majority leader and one from the minority party appointed by the senate minority leader;

(3) one member appointed by the Board of Pharmacy;

(4) one member who is a medical doctor appointed by the Minnesota chapter of the American College of Emergency Physicians;

(5) one member representing opioid treatment programs or sober living programs;

(6) one member who is a medical doctor appointed by the Minnesota Hospital Association;

(7) one member who is a medical doctor appointed by the Minnesota Society of Addiction Medicine;

(8) one member representing a pain psychologist;

(9) one member appointed by the Steve Rummeler Hope Network;

(10) one member appointed by the Minnesota Ambulance Association;

(11) one member representing the Minnesota courts who is a judge or law enforcement officer;

(12) one public member who is a Minnesota resident and who has been impacted by the opioid epidemic;

(13) one member representing a manufacturer of opiates;

(14) one member representing an Indian tribe;

(15) the commissioner of human services or designee; and

(16) the commissioner of health or designee.

(b) The commissioner shall coordinate appointments to provide geographic diversity and shall ensure that at least one-half of council members reside outside of the seven-county metropolitan area.

(c) The council is governed by section 15.059, except that members of the council shall receive no compensation other than reimbursement for expenses. Notwithstanding section 15.059, subdivision 6, the council shall not expire.

(d) The chair shall convene the council at least quarterly, and may convene other meetings as necessary. The chair shall convene meetings at different locations in the state to provide geographic access, and shall ensure that at least one-half of the meetings are held at locations outside of the seven-county metropolitan area.

(e) The commissioner of human services shall provide staff and administrative services for the advisory council.

(f) The council is subject to chapter 13D.

Subd. 3. **Conflict of interest.** Advisory council members must disclose to the council and recuse themselves from voting on any matter before the council if the member has a conflict of interest. A conflict of interest means a financial association that has the potential to bias or have the appearance of biasing a council member's decision related to the opiate stewardship grant decision process or other council activities under this section.

Sec. 4. **[151.256] OPIATE STEWARDSHIP ACCOUNT.**

Subdivision 1. **Establishment.** The opiate stewardship account is established in the special revenue fund in the state treasury. The fees collected by the Board of Pharmacy under section 151.2521 shall be deposited into the account.

Subd. 2. **Use of account funds.** (a) Beginning in fiscal year 2020, money in the account shall be appropriated each fiscal year as specified in this section.

(b) \$..... is appropriated from the opiate stewardship account to the Board of Pharmacy for administrative costs related to collection of the stewardship fee established under section 151.2521.

(c) \$..... is appropriated to the commissioner of management and budget for evaluation activities under section 151.255.

(d) \$..... is appropriated from the opiate stewardship account to the commissioner of human services for the provision of administrative services to the Opiate Stewardship Advisory Council and for the administration of the grants awarded under paragraph (e).

(e) Money remaining in the opiate stewardship account after making the appropriations required in paragraphs (b) to (d) is appropriated to the commissioner of human services. The commissioner shall distribute the appropriation as follows:

(1) at least 50 percent of the amount appropriated shall be distributed by the commissioner to county social service agencies to provide child protection services to children and families who are affected by addiction. The commissioner shall distribute this money proportionally to counties based on the number of open child protection case management cases in the county using data from the previous calendar year; and

(2) the remaining money shall be awarded as specified by the Opiate Stewardship Advisory Council as grants under section 151.255, unless otherwise appropriated by the legislature.

Sec. 5. **OPIATE STEWARDSHIP ADVISORY COUNCIL FIRST MEETING.**

The commissioner of human services shall convene the first meeting of the Opiate Stewardship Advisory Council established under Minnesota Statutes, section 151.255, no later than October 1, 2018. The members shall elect a chair at the first meeting.

ARTICLE 2

PRESCRIPTION MONITORING PROGRAM FUNDING

Section 1. Minnesota Statutes 2016, section 151.065, is amended by adding a subdivision to read:

Subd. 3a. **Annual opiate registration fees.** (a) By March 1 of each year beginning March 1, 2019, the board shall determine for each opiate drug manufacturer the number of dosage units of that manufacturer's Schedule II and III opiates that were reported to the board through the prescription monitoring program established under section 152.126 for the previous calendar year and inform the manufacturer of the amount of the registration fee to be paid in accordance with section 151.252, subdivision 1, paragraph (b).

(b) Based on the quantity of reported dosage units, the fee due on June 1, 2019, and each June 1 thereafter, shall be for:

- (1) more than 15,000,000, \$125,000;
- (2) 5,000,001 to 15,000,000, \$75,000;
- (3) 1,000,001 to 5,000,000, \$50,000;
- (4) 100,000 to 1,000,000, \$12,500; and
- (5) less than 100,000, \$625.

Sec. 2. Minnesota Statutes 2016, section 151.065, is amended by adding a subdivision to read:

Subd. 7. **Deposit.** Fees collected by the board under this section shall be deposited in the state government special revenue fund.

Sec. 3. Minnesota Statutes 2016, section 151.252, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) No person shall act as a drug manufacturer without first obtaining a license from the board and paying any applicable fee specified in section 151.065.

(b) In addition to the license required under paragraph (a), a manufacturer of opiates must pay the registration fee required in accordance with section 151.065, subdivision 3a, by June 1 of each year, beginning June 1, 2019. In the event of the change of ownership of a manufacturer, or of a Schedule II or III opiate, the new owner must pay the registration fee required under section 151.065,

subdivision 3a, that the original owner would have been assessed had it retained ownership. A manufacturer of opiates that has multiple facilities licensed under paragraph (g) is required to obtain and pay for only one registration.

~~(b)~~ (c) Application for a drug manufacturer license under this section shall be made in a manner specified by the board.

~~(c)~~ (d) No license shall be issued or renewed for a drug manufacturer unless the applicant agrees to operate in a manner prescribed by federal and state law and according to Minnesota Rules.

~~(d)~~ (e) No license shall be issued or renewed for a drug manufacturer that is required to be registered pursuant to United States Code, title 21, section 360, unless the applicant supplies the board with proof of registration. The board may establish by rule the standards for licensure of drug manufacturers that are not required to be registered under United States Code, title 21, section 360.

~~(e)~~ (f) No license shall be issued or renewed for a drug manufacturer that is required to be licensed or registered by the state in which it is physically located unless the applicant supplies the board with proof of licensure or registration. The board may establish, by rule, standards for the licensure of a drug manufacturer that is not required to be licensed or registered by the state in which it is physically located.

~~(f)~~ (g) The board shall require a separate license for each facility located within the state at which drug manufacturing occurs and for each facility located outside of the state at which drugs that are shipped into the state are manufactured.

~~(g)~~ (h) The board shall not issue an initial or renewed license for a drug manufacturing facility unless the facility passes an inspection conducted by an authorized representative of the board. In the case of a drug manufacturing facility located outside of the state, the board may require the applicant to pay the cost of the inspection, in addition to the license fee in section 151.065, unless the applicant furnishes the board with a report, issued by the appropriate regulatory agency of the state in which the facility is located or by the United States Food and Drug Administration, of an inspection that has occurred within the 24 months immediately preceding receipt of the license application by the board. The board may deny licensure unless the applicant submits documentation satisfactory to the board that any deficiencies noted in an inspection report have been corrected.

Sec. 4. Minnesota Statutes 2016, section 152.126, subdivision 10, is amended to read:

Subd. 10. **Funding.** (a) The board may seek grants and private funds from nonprofit charitable foundations, the federal government, and other sources to fund the enhancement and ongoing operations of the prescription monitoring program established under this section. Any funds received shall be appropriated to the board for this purpose. The board may not expend funds to enhance the program in a way that conflicts with this section without seeking approval from the legislature.

(b) ~~Notwithstanding any other section,~~ In the event that the opiate manufacturer registration fees collected under section 151.252, subdivision 1, paragraph (b), up to \$500,000 per fiscal year, and any grants or funds received by the board under paragraph (a) are not sufficient to fund the appropriation to the board for the operation of the prescription monitoring program, the administrative services unit for the health-related licensing boards shall apportion between the Board of Medical Practice, the Board of Nursing, the Board of Dentistry, the Board of Podiatric Medicine, the Board

of Optometry, the Board of Veterinary Medicine, and the Board of Pharmacy an amount to be paid through fees by each respective board. The amount apportioned to each board shall equal each board's share of the portion of the annual appropriation to the Board of Pharmacy from the state government special revenue fund for ~~operating the operation of~~ the prescription monitoring program under this section that is not covered by the opiate manufacturer registration fees collected under section 151.252, subdivision 1, paragraph (b), the user fees collected under paragraph (c), and any grants or funds received by the board under paragraph (a). Each board's apportioned share shall be based on the number of prescribers or ~~dispensers~~ pharmacists that each board identified in this paragraph licenses as a percentage of the total number of prescribers and ~~dispensers~~ pharmacists licensed collectively by these boards. Each respective board may adjust the fees that the boards are required to collect to compensate for the amount apportioned to each board by the administrative services unit.

(c) The board shall have the authority to modify its contract with its vendor as provided in subdivision 2, to authorize that vendor to provide a service to prescribers and pharmacies that allows them to access prescription monitoring program data from within the electronic health record system or pharmacy software used by those prescribers and pharmacists. Beginning July 1, 2018, the board has the authority to collect an annual fee from each prescriber or pharmacist who accesses prescription monitoring program data through the service offered by the vendor. The annual fee collected must not exceed \$50 per user. The fees collected by the board under this paragraph shall be deposited in the state government special revenue fund and is appropriated to the board for the purpose of this paragraph.

Sec. 5. OPIATE MANUFACTURER LICENSE SURCHARGE.

(a) In addition to the annual renewal license fees paid by an opiate manufacturer under Minnesota Statutes, section 151.065, subdivision 3, each opiate manufacturer shall pay a license surcharge for licenses renewed during fiscal year 2019 of \$.....

(b) The surcharge collected under this section shall be deposited in the opiate stewardship account established under Minnesota Statutes, section 151.256, and is appropriated to the Board of Pharmacy for administrative costs related to the collection of the stewardship fee under Minnesota Statutes, section 151.2521, and the registration fee under Minnesota Statutes, section 151.252, subdivision 1, paragraph (b).

Sec. 6. APPROPRIATION AND TRANSFER.

(a) \$..... in fiscal year 2019 is appropriated from the state government special revenue fund to the Board of Pharmacy for the operation of the prescription monitoring program.

(b) Any amount over \$500,000 collected under Minnesota Statutes, section 151.252, subdivision 1, paragraph (b), shall be transferred annually from the state government special revenue fund to the opiate stewardship account established under Minnesota Statutes, section 151.256.

ARTICLE 3

OTHER OPIATE PROVISIONS

Section 1. Minnesota Statutes 2016, section 152.11, subdivision 1, is amended to read:

Subdivision 1. **General prescription requirements for controlled substances.** (a) A written prescription or an oral prescription reduced to writing, when issued for a controlled substance in Schedule II, III, IV, or V, is void unless (1) it is written in ink and contains the name and address of the person for whose use it is intended; (2) it states the amount of the controlled substance to be compounded or dispensed, with directions for its use; (3) if a written prescription, it contains the handwritten signature, address, and federal registry number of the prescriber and a designation of the branch of the healing art pursued by the prescriber; and if an oral prescription, the name and address of the prescriber and a designation of the prescriber's branch of the healing art; and (4) it shows the date when signed by the prescriber, or the date of acceptance in the pharmacy if an oral prescription.

(b) An electronic prescription for a controlled substance in Schedule II, III, IV, or V is void unless it complies with the standards established pursuant to section 62J.497 and with those portions of Code of Federal Regulations, title 21, parts 1300, 1304, 1306, and 1311, that pertain to electronic prescriptions.

(c) A prescription for a controlled substance in Schedule II, III, IV, or V that is transmitted by facsimile, either computer to facsimile machine or facsimile machine to facsimile machine, is void unless it complies with the applicable requirements of Code of Federal Regulations, title 21, part 1306.

(d) Every licensed pharmacy that dispenses a controlled substance prescription shall retain the original prescription in a file for a period of not less than two years, open to inspection by any officer of the state, county, or municipal government whose duty it is to aid and assist with the enforcement of this chapter. An original electronic or facsimile prescription may be stored in an electronic database, provided that the database provides a means by which original prescriptions can be retrieved, as transmitted to the pharmacy, for a period of not less than two years.

(e) Every licensed pharmacy shall distinctly label the container in which a controlled substance is dispensed with the directions contained in the prescription for the use of that controlled substance.

(f) No prescription for an opiate or narcotic pain reliever listed in Schedules II through IV of section 152.02 shall be dispensed more than 30 days after the date on which the prescription was issued. After 30 days from the date of issuance of the prescription, no additional authorizations may be accepted for that prescription. If continued therapy is necessary, a new prescription must be issued by the prescriber.

Sec. 2. Minnesota Statutes 2016, section 152.11, subdivision 2, is amended to read:

Subd. 2. **Prescription requirements for Schedule III or IV controlled substances.** No person may dispense a controlled substance included in Schedule III or IV of section 152.02 without a prescription issued, as permitted under subdivision 1, by a doctor of medicine, a doctor of osteopathic medicine licensed to practice medicine, a doctor of dental surgery, a doctor of dental medicine, a doctor of podiatry, a doctor of optometry limited to Schedule IV, or a doctor of veterinary medicine, lawfully licensed to prescribe in this state or from a practitioner licensed to prescribe controlled substances by the state in which the prescription is issued, and having a current federal drug enforcement administration registration number. Such prescription may not be dispensed or refilled except with the documented consent of the prescriber, ~~and in no event more than six months after~~

~~the date on which such prescription was issued~~ and no such prescription may be refilled more than five times.

Sec. 3. Minnesota Statutes 2016, section 152.126, subdivision 1, is amended to read:

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

(b) "Board" means the Minnesota State Board of Pharmacy established under chapter 151.

(c) "Controlled substances" means those substances listed in section 152.02, subdivisions 3 to 6, and those substances defined by the board pursuant to section 152.02, subdivisions 7, 8, and 12. For the purposes of this section, controlled substances includes butalbital and gabapentin.

(d) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision 30. Dispensing does not include the direct administering of a controlled substance to a patient by a licensed health care professional.

(e) "Dispenser" means a person authorized by law to dispense a controlled substance, pursuant to a valid prescription. For the purposes of this section, a dispenser does not include a licensed hospital pharmacy that distributes controlled substances for inpatient hospital care ~~or a veterinarian who is dispensing prescriptions under section 156.18.~~

(f) "Prescriber" means a licensed health care professional who is authorized to prescribe a controlled substance under section 152.12, subdivision 1 or 2.

(g) "Prescription" has the meaning given in section 151.01, subdivision 16a.

(h) For purposes of this section, when the dispenser is a veterinarian or a veterinary hospital, the term "patient" includes the animal for which the prescription is intended for and the animal's owner or caretaker who arranged for the animal's veterinary care.

Sec. 4. Minnesota Statutes 2016, section 152.126, subdivision 6, is amended to read:

Subd. 6. **Access to reporting system data.** (a) Except as indicated in this subdivision, the data submitted to the board under subdivision 4 is private data on individuals as defined in section 13.02, subdivision 12, and not subject to public disclosure.

(b) Except as specified in subdivision 5, the following persons shall be considered permissible users and may access the data submitted under subdivision 4 in the same or similar manner, and for the same or similar purposes, as those persons who are authorized to access similar private data on individuals under federal and state law:

(1) a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, to the extent the information relates specifically to a current patient, to whom the prescriber is:

(i) prescribing or considering prescribing any controlled substance;

(ii) providing emergency medical treatment for which access to the data may be necessary;

(iii) providing care, and the prescriber has reason to believe, based on clinically valid indications, that the patient is potentially abusing a controlled substance; or

(iv) providing other medical treatment for which access to the data may be necessary for a clinically valid purpose and the patient has consented to access to the submitted data, and with the provision that the prescriber remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(2) a dispenser or an agent or employee of the dispenser to whom the dispenser has delegated the task of accessing the data, to the extent the information relates specifically to a current patient to whom that dispenser is dispensing or considering dispensing any controlled substance and with the provision that the dispenser remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(3) a licensed pharmacist who is providing pharmaceutical care for which access to the data may be necessary to the extent that the information relates specifically to a current patient for whom the pharmacist is providing pharmaceutical care: (i) if the patient has consented to access to the submitted data; or (ii) if the pharmacist is consulted by a prescriber who is requesting data in accordance with clause (1);

(4) an individual who is the recipient of a controlled substance prescription for which data was submitted under subdivision 4, or a guardian of the individual, parent or guardian of a minor, or health care agent of the individual acting under a health care directive under chapter 145C. For purposes of this clause, access by individuals includes persons in the definition of an individual under section 13.02;

(5) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, or of the Emergency Medical Services Regulatory Board, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is impaired by use of a drug for which data is collected under subdivision 4, has engaged in activity that would constitute a crime as defined in section 152.025, or has engaged in the behavior specified in subdivision 5, paragraph (a);

(6) personnel of the board engaged in the collection, review, and analysis of controlled substance prescription information as part of the assigned duties and responsibilities under this section;

(7) authorized personnel of a vendor under contract with the state of Minnesota who are engaged in the design, implementation, operation, and maintenance of the prescription monitoring program as part of the assigned duties and responsibilities of their employment, provided that access to data is limited to the minimum amount necessary to carry out such duties and responsibilities, and subject to the requirement of de-identification and time limit on retention of data specified in subdivision 5, paragraphs (d) and (e);

(8) federal, state, and local law enforcement authorities acting pursuant to a valid search warrant;

(9) personnel of the Minnesota health care programs assigned to use the data collected under this section to identify and manage recipients whose usage of controlled substances may warrant restriction to a single primary care provider, a single outpatient pharmacy, and a single hospital;

(10) personnel of the Department of Human Services assigned to access the data pursuant to paragraph (i);

(11) personnel of the health professionals services program established under section 214.31, to the extent that the information relates specifically to an individual who is currently enrolled in and being monitored by the program, and the individual consents to access to that information. The health professionals services program personnel shall not provide this data to a health-related licensing board or the Emergency Medical Services Regulatory Board, except as permitted under section 214.33, subdivision 3; and

~~For purposes of clause (4), access by an individual includes persons in the definition of an individual under section 13.02; and~~

(12) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is inappropriately prescribing controlled substances as defined in this section.

(c) By July 1, 2017, every prescriber licensed by a health-related licensing board listed in section 214.01, subdivision 2, practicing within this state who is authorized to prescribe controlled substances ~~for humans~~ and who holds a current registration issued by the federal Drug Enforcement Administration, and every pharmacist licensed by the board and practicing within the state, shall register and maintain a user account with the prescription monitoring program. Data submitted by a prescriber, pharmacist, or their delegate during the registration application process, other than their name, license number, and license type, is classified as private pursuant to section 13.02, subdivision 12.

(d) Notwithstanding paragraph (b), a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, must access the data submitted under subdivision 4 to the extent the information relates specifically to the patient before the prescriber issues a prescription order for a controlled substance to the patient. This paragraph does not apply if:

(1) the patient is receiving hospice care;

(2) the prescription order is for a number of doses that is intended to last the patient three days or less and is not subject to a refill;

(3) the controlled substance is lawfully administered by injection, ingestion, or any other means to the patient by the prescriber, a pharmacist, or by the patient at the direction of a prescriber and in the presence of the prescriber or pharmacist;

(4) due to an emergency, it is not possible for the prescriber to review the data before the prescriber issues the prescription order for the patient; or

(5) the prescriber is unable to access the data due to operational or other technological failure of the program so long as the prescriber reports the failure to the board.

(e) Only permissible users identified in paragraph (b), clauses (1), (2), (3), (6), (7), (9), and (10), may directly access the data electronically. No other permissible users may directly access the data electronically. If the data is directly accessed electronically, the permissible user shall implement and maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The permissible user shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

~~(e)~~ (f) The board shall not release data submitted under subdivision 4 unless it is provided with evidence, satisfactory to the board, that the person requesting the information is entitled to receive the data.

~~(f)~~ (g) The board shall maintain a log of all persons who access the data for a period of at least three years and shall ensure that any permissible user complies with paragraph (c) prior to attaining direct access to the data.

~~(g)~~ (h) Section 13.05, subdivision 6, shall apply to any contract the board enters into pursuant to subdivision 2. A vendor shall not use data collected under this section for any purpose not specified in this section.

~~(h)~~ (i) The board may participate in an interstate prescription monitoring program data exchange system provided that permissible users in other states have access to the data only as allowed under this section, and that section 13.05, subdivision 6, applies to any contract or memorandum of understanding that the board enters into under this paragraph.

~~(i)~~ (j) With available appropriations, the commissioner of human services shall establish and implement a system through which the Department of Human Services shall routinely access the data for the purpose of determining whether any client enrolled in an opioid treatment program licensed according to chapter 245A has been prescribed or dispensed a controlled substance in addition to that administered or dispensed by the opioid treatment program. When the commissioner determines there have been multiple prescribers or multiple prescriptions of controlled substances, the commissioner shall:

(1) inform the medical director of the opioid treatment program only that the commissioner determined the existence of multiple prescribers or multiple prescriptions of controlled substances; and

(2) direct the medical director of the opioid treatment program to access the data directly, review the effect of the multiple prescribers or multiple prescriptions, and document the review.

If determined necessary, the commissioner of human services shall seek a federal waiver of, or exception to, any applicable provision of Code of Federal Regulations, title 42, section 2.34, paragraph (c), prior to implementing this paragraph.

~~(j)~~ (k) The board shall review the data submitted under subdivision 4 on at least a quarterly basis and shall establish criteria, in consultation with the advisory task force, for referring information

about a patient to prescribers and dispensers who prescribed or dispensed the prescriptions in question if the criteria are met.

Sec. 5. Laws 2017, First Special Session chapter 6, article 12, section 2, subdivision 4, is amended to read:

Subd. 4. Limit on quantity of opiates prescribed for acute dental and ophthalmic pain. (a) When used for the treatment of acute pain, prescriptions for opiates or narcotic pain relievers listed in Schedules II through IV in section 152.02 shall not exceed a seven-day supply for an adult and shall not exceed a five-day supply for a minor under 18 years of age.

~~(a) (b) Notwithstanding paragraph (a), when used for the treatment of acute dental pain or acute pain associated with refractive surgery, prescriptions for opiate or narcotic pain relievers listed in Schedules II through IV of section 152.02 shall not exceed a four-day supply. The quantity prescribed shall be consistent with the dosage listed in the professional labeling for the drug that has been approved by the United States Food and Drug Administration.~~

~~(b) (c) For the purposes of this subdivision, "acute pain" means pain resulting from disease, accidental or intentional trauma, surgery, or another cause, that the practitioner reasonably expects to last only a short period of time. Acute pain does not include chronic pain or pain being treated as part of cancer care, palliative care, or hospice or other end-of-life care.~~

~~(c) Notwithstanding paragraph (a), if in the professional clinical judgment of a practitioner more than a four-day supply of a prescription listed in Schedules II through IV of section 152.02 is required to treat a patient's acute pain, the practitioner may issue a prescription for the quantity needed to treat such acute pain."~~

Amend the title as follows:

Page 1, line 2, after "program;" insert "establishing an opiate manufacturer registration fee to fund the operation of the prescription monitoring program; authorizing the board of pharmacy to impose a user fee on prescribers and pharmacies who choose to integrate access to the prescription monitoring program; requiring a prescriber to access the prescription monitoring program before prescribing a controlled substance; limiting the quantity of opiate and narcotics that can be prescribed for acute pain at any one time;"

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 Benson from the Committee on Health and Human Services Finance and Policy, to which was referred

S.F. No. 3102: A bill for an act relating to health; changing isolation and quarantine provisions; amending Minnesota Statutes 2016, sections 144.419, subdivision 1; 144.4196, subdivisions 1, 2.

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was referred

S.F. No. 2585: A bill for an act relating to health; adding security screening systems to ionizing radiation-producing equipment; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2016, section 144.121, subdivision 1a, by adding a subdivision.

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 2016, section 144.121, subdivision 1a, is amended to read:

Subd. 1a. **Fees for ionizing radiation-producing equipment.** (a) A facility with ionizing radiation-producing equipment must pay an annual initial or annual renewal registration fee consisting of a base facility fee of \$100 and an additional fee for each radiation source, as follows:

(1)medical or veterinary equipment	\$ 100
(2)dental x-ray equipment	\$ 40
(3)x-ray equipment not used on humans or animals	\$ 100
(4)devices with sources of ionizing radiation not used on humans or animals	\$ 100
<u>(5)security screening system</u>	<u>\$ 100</u>

(b) A facility with radiation therapy and accelerator equipment must pay an annual registration fee of \$500. A facility with an industrial accelerator must pay an annual registration fee of \$150.

(c) Electron microscopy equipment is exempt from the registration fee requirements of this section.

(d) For purposes of this section, a security screening system means radiation-producing equipment designed and used for security screening of humans who are in custody of a correctional or detention facility, and is used by the facility to image and identify contraband items concealed within or on all sides of a human body. For purposes of this section, a correctional or detention facility is a facility licensed by the commissioner of corrections under section 241.021, and operated by a state agency or political subdivision charged with detection, enforcement, or incarceration in respect to state criminal and traffic laws.

Sec. 2. Minnesota Statutes 2016, section 144.121, is amended by adding a subdivision to read:

Subd. 9. **Exemption from examination requirements; operators of security screening systems.** (a) An employee of a correctional or detention facility who operates a security screening system and the facility in which the system is being operated are exempt from the requirements of subdivisions 5 and 6.

(b) An employee of a correctional or detention facility who operates a security screening system and the facility in which the system is being operated must meet the requirements of a variance to

Minnesota Rules, parts 4732.0305 and 4732.0565, issued under Minnesota Rules, parts 4717.7000 to 4717.7050. This paragraph expires on December 31 of the year that the permanent rules adopted by the commissioner governing security screening systems are published in the State Register.

EFFECTIVE DATE. This section is effective 30 days following final enactment.

Sec. 3. **RULEMAKING.**

The commissioner of health may adopt permanent rules to implement Minnesota Statutes, section 144.121, subdivision 9.

Sec. 4. **APPROPRIATION.**

\$..... for the fiscal year ending June 30, 2019, and \$..... for the fiscal year ending June 30, 2020, are appropriated from the state government special revenue fund to the commissioner of health for the requirements of Minnesota Statutes, section 144.121, pertaining to security screening systems."

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was referred

S.F. No. 2662: A bill for an act relating to health; making changes to birth defect information system; amending Minnesota Statutes 2016, sections 144.2215, subdivision 1; 144.2216, subdivision 4.

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

Senator Benson from the Committee on Health and Human Services Finance and Policy, to which was referred

S.F. No. 3066: A bill for an act relating to human services; modifying provisions governing mental health providers; amending Minnesota Statutes 2016, sections 245.4871, subdivision 4; 256B.0622, subdivision 7a; 256B.0623, subdivision 5; 256B.0625, by adding a subdivision; 256B.0946, subdivision 1a; Minnesota Statutes 2017 Supplement, sections 245.462, subdivision 17; 245.4871, subdivision 26; 256B.0943, subdivision 1.

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

Page 1, before line 8, insert:

"Section 1. Minnesota Statutes 2016, section 245.462, subdivision 4, is amended to read:

Subd. 4. **Case management service provider.** (a) "Case management service provider" means a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in section 245.4711.

(b) A case manager must:

(1) be skilled in the process of identifying and assessing a wide range of client needs;

(2) be knowledgeable about local community resources and how to use those resources for the benefit of the client;

(3) have a bachelor's degree in one of the behavioral sciences or related fields including, but not limited to, social work, psychology, or nursing from an accredited college or university or meet the requirements of paragraph (c); and

(4) meet the supervision and continuing education requirements described in paragraphs (d), (e), and (f), as applicable.

(c) Case managers without a bachelor's degree must meet one of the requirements in clauses (1) to (3):

(1) have three or four years of experience as a case manager associate as defined in this section;

(2) be a registered nurse without a bachelor's degree and have a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years; or

(3) be a person who qualified as a case manager under the 1998 Department of Human Service waiver provision and meet the continuing education and mentoring requirements in this section.

(d) A case manager with at least 2,000 hours of supervised experience in the delivery of services to adults with mental illness must receive regular ongoing supervision and clinical supervision totaling 38 hours per year of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The remaining 26 hours of supervision may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours. Clinical supervision must be documented in the client record.

(e) A case manager without 2,000 hours of supervised experience in the delivery of services to adults with mental illness must:

(1) receive clinical supervision regarding individual service delivery from a mental health professional at least one hour per week until the requirement of 2,000 hours of experience is met; and

(2) complete 40 hours of training approved by the commissioner in case management skills and the characteristics and needs of adults with serious and persistent mental illness.

(f) A case manager who is not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in mental illness and mental health services every two years.

(g) A case manager associate (CMA) must:

(1) work under the direction of a case manager or case management supervisor;

- (2) be at least 21 years of age;
- (3) have at least a high school diploma or its equivalent; and
- (4) meet one of the following criteria:
 - (i) have an associate of arts degree in one of the behavioral sciences or human services;
 - (ii) be a certified peer specialist under section 256B.0615;
 - (iii) be a registered nurse without a bachelor's degree;

(iv) within the previous ten years, have three years of life experience with serious and persistent mental illness as defined in section 245.462, subdivision 20; or as a child had severe emotional disturbance as defined in section 245.4871, subdivision 6; or have three years life experience as a primary caregiver to an adult with serious and persistent mental illness within the previous ten years;

(v) have 6,000 hours work experience as a nondegreed state hospital technician; or

(vi) be a mental health practitioner as defined in section 245.462, subdivision 17, clause (2) have at least 6,000 hours of supervised experience in the delivery of services to persons with mental illness.

Individuals meeting one of the criteria in items (i) to (v) may qualify as a case manager after four years of supervised work experience as a case manager associate. Individuals meeting the criteria in item (vi) may qualify as a case manager after three years of supervised experience as a case manager associate.

(h) A case management associate must meet the following supervision, mentoring, and continuing education requirements:

(1) have 40 hours of preservice training described under paragraph (e), clause (2);

(2) receive at least 40 hours of continuing education in mental illness and mental health services annually; and

(3) receive at least five hours of mentoring per week from a case management mentor.

A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(i) A case management supervisor must meet the criteria for mental health professionals, as specified in section 245.462, subdivision 18.

(j) An immigrant who does not have the qualifications specified in this subdivision may provide case management services to adult immigrants with serious and persistent mental illness who are members of the same ethnic group as the case manager if the person:

(1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of this subdivision are met."

Page 1, line 11, strike "persons" and insert "adults" and after "illness" insert "or children with emotional disturbance"

Page 1, line 13, after the period, insert "A mental health practitioner for a child client must have training working with children. A mental health practitioner for an adult client must have training working with adults."

Page 1, line 18, strike "persons" and insert "adults or children"

Page 2, line 3, strike "persons" and insert "adults" and before the comma, insert "or children with emotional disturbance"

Page 2, line 9, delete "persons" and insert "adults or children"

Page 2, line 13, strike "persons" and insert "adults or children"

Page 2, line 18, delete "persons" and insert "adults or children"

Page 2, line 20, after "illness" insert ", emotional disturbance,"

Page 3, line 7, delete "persons" and insert "adults or children"

Page 5, line 29, delete "aid" and insert "aide"

Page 15, line 32, strike "be exempt from the"

Page 15, line 33, delete the new language and strike the old language

Page 15, line 34, delete the new language and strike the old language

Page 16, strike lines 1 to 3 and insert "qualify as a mental health practitioner if the practitioner holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university, and: (1) has at least 2,000 hours of clinically supervised experience in the delivery of mental health services to clients with mental illness; (2) is fluent in the language, other than English, of the cultural group that makes up at least 50 percent of the practitioner's clients, completes 40 hours of training on the delivery of services to clients with mental illness, and receives clinical supervision from a mental health professional at least once per week until meeting the required 2,000 hours of supervised experience; or (3) receives 40 hours of training on the delivery of services to clients with mental illness within six months of employment, and clinical supervision from a mental health professional at least once per week until meeting the required 2,000 hours of supervised experience."

Page 17, after line 14, insert:

"Sec. 9. Minnesota Statutes 2016, section 256B.0944, subdivision 7, is amended to read:

Subd. 7. **Crisis stabilization services.** Crisis stabilization services must be provided by a mental health professional or a mental health practitioner, as defined in section 245.462, subdivision 17, who works under the clinical supervision of a mental health professional and for a crisis stabilization services provider entity and must meet the following standards:

(1) a crisis stabilization treatment plan must be developed which meets the criteria in subdivision 8;

(2) services must be delivered according to the treatment plan and include face-to-face contact with the recipient by qualified staff for further assessment, help with referrals, updating the crisis stabilization treatment plan, supportive counseling, skills training, and collaboration with other service providers in the community; and

(3) mental health practitioners must have completed at least 30 hours of training in crisis intervention and stabilization during the past two years."

Page 19, delete section 9 and insert:

"Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title numbers accordingly

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

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was referred

S.F. No. 1097: A bill for an act relating to public safety; enhancing penalties and establishing minimum fines for repeat violations of driving without a valid license; amending Minnesota Statutes 2016, section 171.24.

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 2016, section 171.24, is amended to read:

171.24 VIOLATIONS; DRIVING WITHOUT VALID LICENSE.

Subdivision 1. **Driving after suspension; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been suspended;

(2) the person has been given notice of or reasonably should know of the suspension; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is suspended.

Subd. 2. **Driving after revocation; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been revoked;

(2) the person has been given notice of or reasonably should know of the revocation; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is revoked.

Subd. 3. **Driving after cancellation; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been canceled;

(2) the person has been given notice of or reasonably should know of the cancellation; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled.

Subd. 4. **Driving after disqualification; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if the person:

(1) has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle;

(2) has been given notice of or reasonably should know of the disqualification; and

(3) disobeys the order by operating in this state a commercial motor vehicle while the person is disqualified to hold the license or privilege.

Subd. 5. **Gross misdemeanor violations.** (a) A person is guilty of a gross misdemeanor if:

(1) the person's driver's license or driving privilege has been canceled or denied under section 171.04, subdivision 1, clause (10);

(2) the person has been given notice of or reasonably should know of the cancellation or denial; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled or denied.

(b) A person is guilty of a gross misdemeanor if the person:

(1) violates this section and causes a collision resulting in substantial bodily harm, as defined in section 609.02, subdivision 7a, or death to another; or

(2) violates this section within ten years of the first of two prior convictions under this section;

and at the time of the violation the person's driver's license or driving privilege has been suspended, revoked, or canceled or the person has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle:

(i) pursuant to section 169.89, subdivision 5; 169A.52; 169A.54; 171.05, subdivision 2b, paragraph (d); 171.13, subdivision 3 or 4; 171.17, subdivision 1, clause (1) or (10); 171.177; 171.18, subdivision 1, clause (2), (3), (4), (5), or (11); 171.32; or 260B.225, subdivision 9; or a violation of section 169.13; 169.21; 169.444; 609.19, subdivision 1, clause (2); or 609.487, subdivisions 3 to 5; or any violation of chapter 169A; or

(ii) pursuant to a law from another state similar to those described in item (i).

Subd. 6. **Responsibility for prosecution.** (a) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section is also responsible for prosecution of gross misdemeanor violations of this section.

(b) Nothing in this section or section 609.035 or 609.04 shall limit the power of the state to prosecute or punish a person for conduct that constitutes any other crime under any other law of this state.

Subd. 7. **Sufficiency of notice.** (a) Notice of revocation, suspension, cancellation, or disqualification is sufficient if personally served, or if mailed by first class mail to the person's last known address or to the address listed on the person's driver's license. Notice is also sufficient if the person was informed that revocation, suspension, cancellation, or disqualification would be imposed upon a condition occurring or failing to occur, and where the condition has in fact occurred or failed to occur.

(b) It is not a defense that a person failed to file a change of address with the post office, or failed to notify the Department of Public Safety of a change of name or address as required under section 171.11.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to offenses committed on or after that date."

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

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 2997: A bill for an act relating to transportation; providing a penalty for slow-moving vehicles driving in the left lane; amending Minnesota Statutes 2016, section 169.18, subdivision 10.

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

Page 1, line 11, delete "A violation of this paragraph is a misdemeanor" and insert "A person who violates this paragraph must pay a fine of not less than \$100"

Page 1, after line 19, insert:

"Sec. 2. **PUBLIC AWARENESS CAMPAIGN.**

The commissioner of public safety shall conduct a public awareness campaign to increase public knowledge about Minnesota Statutes, section 169.18, subdivision 10."

Amend the title accordingly

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

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 2697: A bill for an act relating to solid waste; modifying waste management provisions; amending Minnesota Statutes 2016, section 115A.94, subdivisions 2, 4a, 4b, 4c, 4d, 5, by adding subdivisions.

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

Page 3, delete section 7 and insert:

"Sec. 7. Minnesota Statutes 2016, section 115A.94, is amended by adding a subdivision to read:

Subd. 4f. **Joint liability limited.** Notwithstanding section 604.02, an organized collection agreement must not obligate a participating licensed collector for damages to third parties solely caused by another participating licensed collector. The organized collection agreement may include joint obligations for actions that are undertaken by all the participating licensed collectors under this section."

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

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 3060: A bill for an act relating to insurance; regulating affinity group coverages and insurance fraud; amending Minnesota Statutes 2016, sections 60A.06, subdivision 1; 60A.37, subdivision 2; 65B.44, subdivision 2a; Minnesota Statutes 2017 Supplement, section 72A.328, subdivision 1.

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

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 2748: A bill for an act relating to education; expanding grounds for teacher license revocation, suspension, or denial; expanding grounds for teacher discharge; expanding mandatory

reporting; amending Minnesota Statutes 2016, section 626.556, subdivision 10a; Minnesota Statutes 2017 Supplement, sections 122A.187, by adding a subdivision; 122A.20, subdivision 1; 122A.40, subdivision 13; 122A.41, subdivision 6; 123B.03, subdivision 1; 626.556, subdivisions 3, 10e.

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

Page 2, line 6, strike "or"

Page 2, line 7, strike the period and insert "; or"

Page 2, after line 7, insert:

"(6) intentional and inappropriate patting, touching, pinching, or other physical contact with a student that is unwelcome and sexually motivated."

Page 2, line 18, strike the second comma and delete "1a, or 2"

Page 2, line 19, before "609.3451" insert "or"

Page 2, line 20, strike everything after the first "3"

Page 2, after line 20, insert:

"(6) indecent exposure under section 617.23, subdivision 3;"

Page 2, line 21, delete "(6)" and insert "(7)"

Page 2, line 23, delete "(7)" and insert "(8)"

Page 2, line 25, delete "(8)" and insert "(9)"

Page 2, line 26, delete "(9)" and insert "(10)"

Page 2, line 27, delete "(10)" and insert "(11)"

Page 3, line 5, strike "for child abuse or sexual abuse"

Page 3, after line 14, insert:

"(d) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, must refuse to issue, refuse to renew, or revoke a teacher's license to teach if the teacher has engaged in sexual penetration as defined in section 609.321, subdivision 11, with a student enrolled in a school where the teacher works or volunteers. The board may suspend a teacher's license pending an investigation into a report of conduct that would be grounds for revocation under this paragraph. Section 122A.188 does not apply to a decision by the board to refuse to issue, refuse to renew, or revoke a license under this paragraph. A person whose license has been revoked, not issued, or not renewed may appeal the decision by filing a written request with the Professional Educator Licensing and Standards Board or the Board of School Administrators, as appropriate, within 30 days of notice of the licensing action. The board must then initiate a contested case under the Administrative Procedure Act, sections 14.001 to 14.69."

Page 3, line 15, delete "(d)" and insert "(e)"

Page 3, line 17, delete "if" and insert "upon receiving a certified copy of a conviction showing that"

Page 3, delete line 21

Page 3, line 22, delete "(3)" and insert "(2)"

Page 3, line 23, delete "(4)" and insert "(3)"

Page 3, delete lines 24 to 26 and insert:

"If an offense included in clauses (1) to (3) is already included in paragraph (b), the provisions of paragraph (b) apply to the conduct. Section 122A.188 does not apply to a decision by the board to refuse to issue, refuse to renew, or revoke a license under this paragraph. A person whose license has been revoked, not issued, or not renewed may appeal the decision by filing a written request with the Professional Educator Licensing and Standards Board or the Board of School Administrators, as appropriate, within 30 days of notice of the licensing action. The board must then initiate a contested case under the Administrative Procedure Act, sections 14.001 to 14.69."

Page 3, line 27, delete "(e)" and insert "(f)"

Page 3, line 29, delete everything before the period and insert "if the teacher has been charged with a violation of a crime listed in paragraph (b)"

Page 3, line 32, delete "(f)" and insert "(g)"

Page 5, line 8, delete ", 1a, or 2"

Page 5, line 10, strike ", or 617.23, subdivision 3"

Page 5, after line 10, insert:

"(6) indecent exposure under section 617.23, subdivision 3;"

Page 5, line 11, delete "(6)" and insert "(7)"

Page 5, line 13, delete "(7)" and insert "(8)"

Page 5, line 15, delete "(8)" and insert "(9)"

Page 5, line 16, delete "(9)" and insert "(10)"

Page 5, line 17, delete "(10)" and insert "(11)"

Page 5, line 20, delete "(11)" and insert "(12)"

Page 5, line 21, delete "(b) or"

Page 7, line 8, delete ", 1a, or 2"

Page 7, line 10, strike ", or 617.23, subdivision 3"

Page 7, after line 10, insert:

"(6) indecent exposure under section 617.23, subdivision 3;"

Page 7, line 11, delete "(6)" and insert "(7)"

Page 7, line 13, delete "(7)" and insert "(8)"

Page 7, line 15, delete "(8)" and insert "(9)"

Page 7, line 16, delete "(9)" and insert "(10)"

Page 7, line 17, delete "(10)" and insert "(11)"

Page 7, line 20, delete "(11)" and insert "(12)"

Page 7, line 21, delete "(b) or"

Page 10, after line 28, insert:

"Sec. 6. Minnesota Statutes 2017 Supplement, section 609A.03, subdivision 7a, is amended to read:

Subd. 7a. **Limitations of order effective January 1, 2015, and later.** (a) Upon issuance of an expungement order related to a charge supported by probable cause, the DNA samples and DNA records held by the Bureau of Criminal Apprehension and collected under authority other than section 299C.105 shall not be sealed, returned to the subject of the record, or destroyed.

(b) Notwithstanding the issuance of an expungement order:

(1) except as provided in clause (2), an expunged record may be opened, used, or exchanged between criminal justice agencies without a court order for the purposes of initiating, furthering, or completing a criminal investigation or prosecution or for sentencing purposes or providing probation or other correctional services;

(2) when a criminal justice agency seeks access to a record that was sealed under section 609A.02, subdivision 3, paragraph (a), clause (1), after an acquittal or a court order dismissing for lack of probable cause, for purposes of a criminal investigation, prosecution, or sentencing, the requesting agency must obtain an ex parte court order after stating a good-faith basis to believe that opening the record may lead to relevant information;

(3) an expunged record of a conviction may be opened for purposes of evaluating a prospective employee in a criminal justice agency without a court order;

(4) an expunged record of a conviction may be opened for purposes of a background study under section 245C.08 unless the commissioner had been properly served with notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner of human services;

(5) an expunged record of a conviction may be opened for purposes of a background check required under section 122A.18, subdivision 8, unless the court order for expungement is directed specifically to the Professional Educator Licensing and Standards Board or the licensing division of the Department of Education; and

(6) the court may order an expunged record opened upon request by the victim of the underlying offense if the court determines that the record is substantially related to a matter for which the victim is before the court.

(c) An agency or jurisdiction subject to an expungement order shall maintain the record in a manner that provides access to the record by a criminal justice agency under paragraph (b), clause (1) or (2), but notifies the recipient that the record has been sealed. The Bureau of Criminal Apprehension shall notify the commissioner of human services, and the Professional Educator Licensing and Standards Board, ~~or the licensing division of the Department of Education~~ of the existence of a sealed record and of the right to obtain access under paragraph (b), clause (4) or (5). Upon request, the agency or jurisdiction subject to the expungement order shall provide access to the record to the commissioner of human services, the Professional Educator Licensing and Standards Board, or the licensing division of the Department of Education under paragraph (b), clause (4) or (5).

(d) An expunged record that is opened or exchanged under this subdivision remains subject to the expungement order in the hands of the person receiving the record.

(e) A criminal justice agency that receives an expunged record under paragraph (b), clause (1) or (2), must maintain and store the record in a manner that restricts the use of the record to the investigation, prosecution, or sentencing for which it was obtained.

(f) For purposes of this section, a "criminal justice agency" means a court or government agency that performs the administration of criminal justice under statutory authority.

(g) This subdivision applies to expungement orders subject to its limitations and effective on or after January 1, 2015.

Sec. 7. Minnesota Statutes 2017 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

(b) "Commissioner" means the commissioner of human services.

(c) "Facility" means:

(1) a licensed or unlicensed day care facility, certified license-exempt child care center, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 144H, 245D, or 245H;

(2) a school as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E; or

(3) a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a.

(d) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege sexual abuse or substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(e) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve sexual abuse or substantial child endangerment, and for reports of maltreatment in facilities required to be licensed or certified under chapter 245A, 245D, or 245H; under sections 144.50 to 144.58 and 241.021; in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E; or in a nonlicensed personal care provider association as defined in section 256B.0625, subdivision 19a.

(f) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(g) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(h) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

(i) "Operator" means an operator or agency as defined in section 245A.02.

(j) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(k) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following:

- (1) throwing, kicking, burning, biting, or cutting a child;
- (2) striking a child with a closed fist;
- (3) shaking a child under age three;
- (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
- (5) unreasonable interference with a child's breathing;
- (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
- (7) striking a child under age one on the face or head;
- (8) striking a child who is at least age one but under age four on the face or head, which results in an injury;
- (9) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;
- (10) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or
- (11) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

(m) "Report" means any communication received by the local welfare agency, police department, county sheriff, or agency responsible for child protection pursuant to this section that describes neglect or physical or sexual abuse of a child and contains sufficient content to identify the child and any person believed to be responsible for the neglect or abuse, if known.

(n) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), ~~or 609.3451 (criminal sexual conduct in the fifth degree),~~ or 609.352 (solicitation of children to engage in sexual conduct; communication of sexually explicit materials to children). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Effective May 29, 2017, sexual abuse includes all reports of known or suspected child sex trafficking involving a child who is identified as a victim of sex trafficking. Sexual abuse includes child sex trafficking as defined in section 609.321, subdivisions 7a and 7b. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).

(o) "Substantial child endangerment" means a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child under their care that constitutes any of the following:

(1) egregious harm as defined in section 260C.007, subdivision 14;

(2) abandonment under section 260C.301, subdivision 2;

(3) neglect as defined in paragraph (g), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

(5) manslaughter in the first or second degree under section 609.20 or 609.205;

(6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

(7) solicitation, inducement, and promotion of prostitution under section 609.322;

(8) criminal sexual conduct under sections 609.342 to 609.3451;

(9) solicitation of children to engage in sexual conduct under section 609.352;

(10) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;

(11) use of a minor in sexual performance under section 617.246; or

(12) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.503, subdivision 2.

(p) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (j), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, subdivision 1, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (q) from the Department of Human Services.

(q) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (p), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(r) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety."

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 E-12 Finance. Amendments adopted. Report adopted.

Senator Kiffmeyer from the Committee on State Government Finance and Policy and Elections, to which was referred

S.F. No. 2620: A bill for an act relating to retirement; benefit and contribution changes for Minnesota statewide and major local public employee retirement plans; increasing contribution rates; reducing certain postretirement adjustment rates; modifying investment return assumptions; extending amortization target dates; reducing deferred annuities augmentation; requiring a study on postretirement adjustments; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, Public Employees Retirement Association, and St. Paul Teachers Retirement Fund Association; clarifying refund repayment procedures; modifying executive director credentials; clarifying service requirements; revising appeal procedures; modifying service credit purchase procedures; establishing new procedures for disability applications due to private disability insurance requirements; clarifying disability benefit payment provisions; modifying annual benefit limitations for federal tax code compliance; authorizing use of IRS correction procedures; clarifying benefit offsets for certain refund payments; clarifying police and fire plan coverage for certain Hennepin Healthcare System supervisors; modifying various economic actuarial assumptions; authorizing the transfer of assets and members from the voluntary statewide volunteer firefighter retirement plan to a volunteer firefighter relief association; adopting recommendations of the Volunteer Firefighter Relief Association working group; increasing the lump-sum service pension maximum and lowering certain vesting requirements for Eden Prairie Volunteer Firefighters Relief Association; modifying the Brook Park volunteer firefighters service pension level; permitting alternative allocation of fire state aid for city of Austin; establishing a fire state aid work group; modifying various Department of Human Services and Department of Corrections employment classifications eligible for correctional retirement coverage; revising augmentation interest rates for certain terminated privatized employees; adopting definition of the Hometown Heroes Act related to public safety officer death benefits; allowing service credit purchase and rule of 90 eligibility for certain Minnesota Department of Transportation employees; authorizing MnSCU employees to elect retroactive and prospective TRA coverage; authorizing MnSCU employee to transfer past service from IRAP to PERA; increasing maximum employer contribution to a supplemental laborers pension fund; authorizing certain additional sources of retirement plan funding; making technical and conforming changes; authorizing direct state aid to the public employees police and fire retirement plan and the St. Paul Teachers Retirement Fund Association; modifying pension adjustment revenue provisions; appropriating money; amending Minnesota Statutes 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14, subdivision 2a; 126C.10, subdivision 37; 127A.45, subdivision 12; 352.01, subdivisions 2a, 13a; 352.017, subdivision 2; 352.03, subdivisions 5, 6; 352.04, subdivisions 2, 3, 8, 9; 352.113, subdivisions 2, 4, 14; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding subdivisions; 352.23; 352.27; 352.91, subdivisions 3f, 3g, by adding a subdivision; 352.92, subdivisions 1, 2, by adding a subdivision; 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c; 352B.08, by adding a subdivision; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.02, subdivisions 1, 3; 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.085, subdivision 1; 352D.11, subdivision 2; 352D.12; 352F.04, subdivisions 1, 2, by adding a subdivision; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162; 353.03, subdivision 3; 353.27,

subdivisions 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.29, subdivisions 4, 7; 353.30, subdivisions 3c, 5; 353.32, subdivisions 1, 4; 353.34, subdivisions 2, 3; 353.35, subdivision 1; 353.37, subdivision 1; 353.64, subdivision 10; 353.65, subdivisions 2, 3, by adding a subdivision; 353F.02, subdivision 5a; 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05; 353F.057; 353F.06; 353F.07; 353G.01, subdivision 9, by adding a subdivision; 353G.02, subdivision 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11, subdivision 1; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.42, subdivisions 2, 3; 354.435, subdivision 4; 354.436, subdivision 3; 354.44, subdivisions 3, 6, 9; 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.49, subdivision 2; 354.50, subdivision 2; 354.51, subdivision 5; 354.512; 354.52, subdivisions 4, 4d; 354.53, subdivision 5; 354.55, subdivision 11; 354.66, subdivision 2; 354.72, subdivisions 1, 2; 354A.011, subdivisions 3a, 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096; 354A.12, subdivisions 1, 1a, 2a, 3a, 3c, 7; 354A.29, subdivision 7; 354A.31, subdivisions 3, 7; 354A.34; 354A.35, subdivision 2; 354A.37, subdivisions 2, 3; 354A.38; 356.195, subdivision 2; 356.215, subdivisions 9, 11; 356.24, subdivision 1; 356.30, subdivision 1; 356.32, subdivision 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, by adding a subdivision; 356.44; 356.47, subdivisions 1, 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 423A.02, subdivisions 3, 5; 423A.022, subdivision 5; 424A.001, subdivisions 2, 3, 10, by adding a subdivision; 424A.002, subdivision 1; 424A.01, subdivisions 1, 5, 6, by adding subdivisions; 424A.015, subdivision 1, by adding a subdivision; 424A.016, subdivision 2; 424A.02, subdivisions 1, 3a, 7; 424A.04, subdivision 1; 424A.07; 424A.091, subdivision 3; 424A.094, subdivision 3; 424A.10, subdivision 1; 424B.20, subdivision 4; 490.121, subdivisions 4, 25, 26; 490.1211; 490.123, by adding a subdivision; 490.124, subdivision 12; Minnesota Statutes 2017 Supplement, sections 353.27, subdivision 3c; 356.215, subdivision 8; proposing coding for new law in Minnesota Statutes, chapters 353F; 353G; 356; 424A; repealing Minnesota Statutes 2016, sections 3A.12; 352.04, subdivision 11; 352.045; 352.72; 352B.30; 353.0161; 353.27, subdivision 3b; 353.34, subdivision 6; 353.71; 354.42, subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.12, subdivision 2c; 354A.29, subdivisions 8, 9; 354A.39; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM BENEFIT CHANGES

Section 1. Minnesota Statutes 2016, section 3A.02, subdivision 4, is amended to read:

Subd. 4. **Deferred annuities augmentation.** ~~(a)~~ The deferred retirement allowance of any former legislator must be augmented as provided herein:

~~(b) The required reserves applicable to the deferred retirement allowance, determined as of the date the benefit begins to accrue using an appropriate mortality table and an interest assumption of six percent, must be augmented from the first of the month following the termination of active service, or July 1, 1973, whichever is later, to the first day of the month in which the allowance~~

begins to accrue effective date of retirement, at the following annually compounded rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, ~~or from the first day of the month following the termination of active service, whichever is later,~~ until January 1 of the year in which the former legislator attains age 55 or ~~until~~ January 1, 2012, whichever is earlier;

(3) five percent from the period end date under clause (2) until the effective date of retirement or ~~until~~ January 1, 2012, whichever is earlier; ~~and~~

(4) two percent ~~after December 31, 2011,~~ from January 1, 2012, until December 31, 2018; and

(5) after December 31, 2018, the deferred annuity must not be augmented.

Sec. 2. Minnesota Statutes 2016, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. **Actuarial reduction for early retirement.** (a) This subdivision 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 is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced so that as described in paragraph (b) or (c), as applicable.

(b) For covered employees who retire on or after July 1, 2019, 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 until normal retirement age and the annuity amount were augmented at ~~an~~ the applicable annual rate of three percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(1) until June 30, 2019, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(2) beginning July 1, 2019, through June 30, 2024, a rate that changes each month, on the first day of the month, starting with the rate in clause (1), as applicable to the employee, and reducing the rate to zero in equal monthly increments over the five-year period; and

(3) after June 30, 2024, zero percent.

After June 30, 2024, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this clause, shall not take into account any augmentation.

(c) For covered employees who retire before July 1, 2019, 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 until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee became an employee before July 1, 2006, and at an annual rate of 2.5 percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes became an employee after June 30, 2006.

Sec. 3. Minnesota Statutes 2016, section 352.22, subdivision 2, is amended to read:

Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable to a person who ceased to be a state employee by reason of a termination of state service is an amount equal to employee accumulated contributions plus interest until the date on which the refund is paid, at the rate of following rates for the applicable period:

(1) six percent per year compounded daily from the date that the contribution was made until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and at the rate of;

(2) four percent per year compounded daily from the date that the contribution was made or from July 1, 2011, whichever is later, until the date on which the refund is paid. until June 30, 2018; and

(3) three percent per year compounded daily from the date that the contribution was made or July 1, 2018, whichever is later.

Included with the refund is any interest paid as part of repayment of a past refund, plus interest thereon from the date of repayment.

Sec. 4. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to read:

Subd. 2b. **Refund repayment.** Any person who has received a refund from the state employees retirement plan, and who is a member of any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund with interest to the state employees retirement plan. If a refund is repaid to the plan and more than one refund has been received from the plan, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

Sec. 5. Minnesota Statutes 2016, 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~~ subdivision 3a.

Sec. 6. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to read:

Subd. 3a. **Computation of deferred annuity.** (a) The deferred annuity of any former state employee must be augmented from the first day of the month following termination of active service or July 1, 1971, whichever is later, to the effective date of retirement.

(b) For a person who became a state employee before July 1, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent thereafter until January 1 of the year following the year in which the former employee attains age 55 or January 1, 2012, whichever is earlier;

(3) five percent from the January 1 next following the attainment of age 55 until December 31, 2011;

(4) two percent from January 1, 2012, until December 31, 2018; and

(5) after December 31, 2018, the deferred annuity must not be augmented.

(c) For a person who became a state employee after June 30, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

(2) two percent from January 1, 2012, until December 31, 2018; and

(3) after December 31, 2018, the deferred annuity must not be augmented.

(d) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

Sec. 7. Minnesota Statutes 2016, section 352B.08, is amended by adding a subdivision to read:

Subd. 2b. **Computation of deferred annuity.** (a) The deferred annuity of any former member must be augmented from the first day of the month following the termination of active service, or July 1, 1971, whichever is later, to the effective date of retirement.

(b) For a person who became an employee before July 1, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until December 31, 2011;

(3) two percent from January 1, 2012, until December 31, 2018; and

(4) after December 31, 2018, the deferred annuity must not be augmented.

(c) For a person who became an employee after June 30, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

(2) two percent from January 1, 2012, until December 31, 2018; and

(3) after December 31, 2018, the deferred annuity must not be augmented.

(d) The mortality table and interest assumption used to compute the annuity must be those in effect when the member files application for annuity.

Sec. 8. Minnesota Statutes 2016, section 352D.085, subdivision 1, is amended to read:

Subdivision 1. **Combined service.** Except as provided in section 356.30, 356.302, or 356.303, service under the unclassified program ~~for during which the employee has been credited with employee shares~~ contributed to the program under section 352D.04, subdivision 2, may be used for the limited purpose of qualifying for benefits under sections 352.115, ~~352.72, subdivision 1,~~ 352.113, 354.44, 354.45, 354.48, and ~~354.60~~ 356.311. The service ~~also~~ may not be used to qualify for a disability benefit under section 352.113 or 354.48 if a participant was under the unclassified program at the time of the disability. Also, the years of service and salary paid while the participant was in the unclassified program may not be used in determining the amount of benefits.

Sec. 9. Minnesota Statutes 2016, section 490.121, subdivision 25, is amended to read:

Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (b), and governed by sections 356.415, ~~subdivisions 1 and~~ subdivision 1f; and 490.121 to 490.133, except as modified in sections 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

Sec. 10. Minnesota Statutes 2016, section 490.121, subdivision 26, is amended to read:

Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (c), and governed by sections 356.415, ~~subdivisions 1 and subdivision 1f~~; 490.121 to 490.133, as modified in section 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

Sec. 11. **REPEALER.**

Minnesota Statutes 2016, sections 3A.12; 352.045; 352.72; and 352B.30, are repealed.

Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 11 are effective June 30, 2018.

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION BENEFIT CHANGES

Section 1. Minnesota Statutes 2016, section 353.30, subdivision 5, is amended to read:

Subd. 5. **Actuarial reduction for early retirement.** (a) This subdivision 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 who has become at least 55 years old and whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b), reduced so that as described in paragraph (b) or (c), as applicable.

(b) For members who begin to receive an annuity on or after July 1, 2019, 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 until normal retirement age and the annuity amount were augmented at an the applicable annual rate of three percent, compounded annually, from the day the annuity begins to accrue starting date until the normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(1) until June 30, 2019, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(2) beginning July 1, 2019, through June 30, 2024, a rate that changes each month, on the first day of the month, starting with the rate in clause (1), as applicable to the employee, and reducing the rate to zero in equal monthly increments over the five-year period; and

(3) after June 30, 2024, zero percent.

After June 30, 2024, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this paragraph, shall not take into account any augmentation.

(c) For members who begin to receive an annuity before July 1, 2019, 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 until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the annuity starting date until normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent, compounded annually, from the day the annuity begins to accrue starting date until the normal retirement age if the employee initially becomes became an employee after June 30, 2006.

Sec. 2. Minnesota Statutes 2016, 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 member~~ 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) Annual compound interest rates on a refund under paragraph (a) shall be as follows:

(1) 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;

(2) four percent after June 30, 2011, to June 30, 2018; and at the rate of four

(3) three percent after June 30, 2011; 2018.

~~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.

Sec. 3. Minnesota Statutes 2016, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is vested under section 353.01, subdivision 47, when termination of public service or termination of membership occurs has the option of leaving the accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.

(b) The deferred annuity must be computed under section 353.29, subdivision 3, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is earlier, and must be augmented as provided in ~~section 353.71, subdivision 2~~ paragraph (c).

(c) The deferred annuity of any former member must be augmented from the first day of the month following the termination of active service, or July 1, 1971, whichever is later, to the effective date of retirement.

(d) For a person who became a public employee before July 1, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until January 1 of the year following the year in which the former member attains age 55 or December 31, 2011, whichever is earlier;

(3) five percent from January 1 of the year following the year in which the former member attains age 55, or December 31, 2011, whichever is earlier;

(4) one percent from January 1, 2012, until December 31, 2018; and

(5) after December 31, 2018, the deferred annuity must not be augmented.

(e) For a person who became a public employee after June 30, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

(2) one percent from January 1, 2012, until December 31, 2018; and

(3) after December 31, 2018, the deferred annuity must not be augmented.

(f) For a person who has a termination of public service after December 31, 2011, the deferred annuity must not be augmented.

(g) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

(h) A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

Sec. 4. **REPEALER.**

Minnesota Statutes 2016, sections 353.27, subdivision 3b; and 353.71, are repealed.

Sec. 5. **EFFECTIVE DATE.**

(a) Section 1 is effective for annuities with an annuity starting date that is on or after July 1, 2019, notwithstanding the member's date of termination of public service.

(b) Sections 2 to 4 are effective June 30, 2018.

ARTICLE 3

**TEACHERS RETIREMENT ASSOCIATION
BENEFIT CHANGES**

Section 1. Minnesota Statutes 2016, 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:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.2 percent per year	2.2 percent per year
Each year of service thereafter	1.7 percent per year	2.7 percent per year

For service rendered on or after July 1, 2006, by a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, 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:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.4 percent per year	2.2 percent per year
Each year of service after ten years of service	1.9 percent per year	2.7 percent per year

(c)~~(1)~~(1) 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) (2) 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) (3) 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).

(1) For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a basic member 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.

(2) For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a ~~person~~ member 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. Except in regards to section 354.46, this paragraph remains in effect until June 30, 2015.

(f) ~~After~~ Until June 30, 2020 2019, this paragraph applies to a ~~person~~ member 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 is entitled to receive the normal annuity provided in paragraph (d), reduced as described in clause (1) or (2), as applicable.

(1) For a ~~person~~ member who is at least age 62 or older and has at least 30 years of service, the annuity ~~must~~ shall be reduced by an early reduction factor of six percent ~~per~~ for each year of the annuity that the member's age of retirement precedes normal retirement age. The resulting reduced annuity shall be further adjusted to take into account the increase in the monthly amount that would be payable to the employee if the employee have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity amount were was 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 during the deferral period at 2.5 percent compounded annually, if the employee became an employee member commenced employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(2) For a ~~person~~ member who is has not at least attained age 62 or older and does not have at least or has fewer than 30 years of service, the annuity would shall be reduced for each year that the member's age of retirement precedes the normal retirement age by an the following early reduction factor of factors:

(i) for the period during which the member is age 55 through age 59, the factor is four percent per year for ages 55 through 59; and

(ii) for the period during which the member is age 60 but not yet normal retirement age, the factor is seven percent per year of the annuity that would be payable to the employee if the employee.

The resulting reduced annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity amount were was 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 during the deferral period at 2.5 percent compounded annually, if the employee became an employee member commenced employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(g) For members who retire on or after July 1, 2019, 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 is entitled to receive the normal annuity provided in paragraph (d), reduced as described in clause (1) or (2), as applicable.

(1) For a member who is at least age 62 and has at least 30 years of service, the annuity shall be reduced by an early reduction factor of six percent for each year that the member's age of retirement precedes the normal retirement age. The resulting reduced annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity was augmented during the deferral period at 2.5 percent, if the member commenced employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(2) For a member who has not attained age 62 or has fewer than 30 years of service, the annuity shall be reduced for each year that the member's age of retirement precedes normal retirement age by the following early reduction factors:

(i) for the period during which the member is age 55 through age 59, the factor is four percent; and

(ii) for the period during which the member is age 60 but not yet normal retirement age, the factor is seven percent.

The resulting annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity was augmented during the deferral period at the applicable annual rate, compounded annually. The applicable annual rate is the rate in effect for the month that includes the member's effective date of retirement and shall be considered as fixed for the member for the period until the member reaches normal retirement age. The applicable annual rate for June 2019 is 2.5 percent, if the member commenced employment after June 30, 2006, or three percent, if the member commenced employment before July 1, 2006, compounded annually, and decreases each month beginning July 2019 in equal monthly increments over the five-year period that begins July 1, 2019, and ends June 30, 2024, to zero percent effective for July 2024 and thereafter.

After June 30, 2024, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(h) After June 30, 2015, and before July 1, ~~2020~~ 2019, for a person who would have a reduced retirement annuity under either paragraph (e) or (f) if they were applicable, the employee is entitled to receive a reduced annuity which must be calculated using a blended reduction factor augmented monthly by 1/60 of the difference between the reduction required under paragraph (e) and the reduction required under paragraph (f).

(~~h~~) (i) 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. 2. Minnesota Statutes 2016, section 354.49, subdivision 2, is amended to read:

Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, is entitled to receive a refund

in an amount equal to the accumulated deductions credited to the account plus interest compounded annually using the following interest rates:

- (1) before July 1, 1957, no interest accrues;
- (2) July 1, 1957, to June 30, 2011, six percent; ~~and~~
- (3) ~~after June 30~~ July 1, 2011, to June 30, 2018, four percent; and
- (4) after June 30, 2018, three percent.

For the purpose of this subdivision, interest must be computed on fiscal year end balances to the first day of the month in which the refund is issued.

(b) If the person has received permanent disability payments under section 354.48, the refund amount must be reduced by the amount of those payments.

Sec. 3. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement.

(b) ~~The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and of any former member must be augmented as provided in this subdivision. The required reserves for the annuity which had accrued when the member ceased to render teaching service must be augmented, as further specified in this subdivision, by the applicable interest rate compounded annually from the first day of the month following the month during which the member ceased to render teaching~~ termination of active service to the effective date of retirement.

(c) No augmentation is ~~not~~ creditable if the deferral period is less than three months or if deferral commenced before July 1, 1971.

(d) For persons who became covered employees before July 1, 2006, ~~with a deferral period commencing after June 30, 1971,~~ the annuity must be augmented as follows at the following rate or rates, compounded annually:

- (1) five percent ~~interest compounded annually~~ until January 1, 1981;
- (2) three percent ~~interest compounded annually~~ from January 1, 1981, until January 1 of the year following the year in which the deferred annuitant attains age 55 or June 30, 2012, whichever is earlier;
- (3) five percent ~~interest compounded annually~~ from the date established in clause (2) ~~to the effective date of retirement or until June 30, 2012, whichever is earlier; and~~
- (4) two percent ~~interest compounded annually after June 30, 2012~~ from July 1, 2012, until June 30, 2019; and
- (5) after June 30, 2019, the deferred annuity must not be augmented.

(e) For persons who become covered employees after June 30, 2006, the ~~interest rate used to augment the deferred annuity is~~ must be augmented at the following rate or rates, compounded annually:

~~(1) 2.5 percent interest compounded annually until June 30, 2012, or until the effective date of retirement, whichever is earlier, and;~~

~~(2) two percent interest compounded annually after June 30~~ from July 1, 2012, until June 30, 2019; and

(3) after June 30, 2019, the deferred annuity must not be augmented.

~~(f) If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented as specified in this subdivision. The sum of the augmented required reserves is the present value of the annuity. For the purposes of this subdivision, "period of uninterrupted service" means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.~~

~~(g) If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has allowable service credit in the Teachers Retirement Association.~~

~~(h) If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members.~~

~~(i) The mortality table and interest rate actuarial assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect when the member retires.~~

~~(j)~~ (f) In no case may the annuity payable under this subdivision be less than the amount of annuity payable under section 354.44, subdivision 6.

~~(k)~~ (g) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, also apply to an employee fulfilling the requirements with a combination of service as provided in section ~~354.60~~ 356.311.

~~(l)~~ (h) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

~~(m)~~ (i) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

~~(n)~~ (j) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five

percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained under section 356.214.

Sec. 4. **REPEALER.**

Minnesota Statutes 2016, sections 354.42, subdivisions 4a, 4b, 4c, and 4d; and 354.60, are repealed.

Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective June 30, 2018.

ARTICLE 4

**ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
BENEFIT CHANGES**

Section 1. Minnesota Statutes 2016, section 354A.011, subdivision 3a, is amended to read:

Subd. 3a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the appropriate board of trustees based on the experience of that retirement fund association as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable ~~preretirement or postretirement interest rate~~ investment return assumption specified in section 356.215, subdivision 8.

Sec. 2. Minnesota Statutes 2016, section 354A.29, subdivision 7, is amended to read:

Subd. 7. **Eligibility for payment of Postretirement adjustments.** ~~(a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must determine the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 8 or 9, whichever is applicable.~~

~~(b) On January 1~~ (a) Except as set forth in paragraph (c), each person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter, whose effective date of benefit commencement occurred on or before July 1 of the calendar year immediately before the adjustment, is eligible to receive a an annual postretirement increase as specified in subdivision 8 or 9. adjustment, effective as of each January 1, as follows:

(1) there shall be no postretirement adjustment on January 1, 2019, and January 1, 2020; and

(2) the postretirement adjustment shall be one percent on January 1, 2021, and each January 1 thereafter.

(b) A postretirement adjustment is to be applied as a permanent increase to the regular payment of each eligible member on January 1. For any eligible member whose effective date of benefit commencement occurred after January 1 of the immediately preceding calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

(c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement adjustment, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age.

(d) Paragraph (c) does not apply to members who retire under section 354A.31, subdivision 6, paragraph (b), or who retire when the member is at least age 62 and has at least 30 years of service under section 354A.31, subdivision 7.

Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), ~~or subdivision 4a, paragraph (d), as applicable,~~ in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (e),~~ in conjunction with subdivision 6. An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity reduced as described in paragraph (b) if the person retires on or after July 1, 2019, or in paragraph (c) if the person retires before July 1, 2019, as applicable.

(b) A coordinated member who retires before the normal retirement age and on or after July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), ~~or subdivision 4a, paragraph (d), whichever applies,~~ reduced as described in clause (1) or (2), as applicable.

(1) If the member retires when the member is younger than age 62 or with fewer than 30 years of service, the annuity must be reduced by an early reduction factor for each year that the member's age of retirement precedes normal retirement age. The early reduction factors are four percent per year for ages 55 through 59 and seven percent per year for ages 60 through normal retirement age. The resulting annuity must be further adjusted to take into account augmentation as if the employee had deferred receipt of the annuity until normal retirement age and the annuity were augmented at the applicable annual rate, compounded annually, from the day the annuity begins to accrue until normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee. The applicable annual rates are the following:

(i) until June 30, 2019, 2.5 percent;

(ii) a rate that changes each month, beginning July 1, 2019, through June 30, 2024, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2024, zero percent.

After June 30, 2024, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(2) If the member retires when the member is at least age 62 or older and has at least 30 years of service, the member is entitled to receive a retirement annuity calculated using the retirement

annuity formula percentage in subdivision 4, paragraph (d), multiplied by the applicable early retirement factor specified for members "Age 62 or older with 30 years of service" in the table in paragraph (c).

(c) A coordinated member who retires before the normal retirement age and before July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), multiplied by the applicable early retirement factor specified below:

Normal retirement age: Age at retirement	Under age 62 or less than 30 years of service		Age 62 or older with 30 years of service	
	65	66	65	66
55	0.5376	0.4592		
56	0.5745	0.4992		
57	0.6092	0.5370		
58	0.6419	0.5726		
59	0.6726	0.6062		
60	0.7354	0.6726		
61	0.7947	0.7354		
62	0.8507	0.7947	0.8831	0.8389
63	0.9035	0.8507	0.9246	0.8831
64	0.9533	0.9035	0.9635	0.9246
65	1.0000	0.9533	1.0000	0.9635
66		1.0000		1.0000

For normal retirement ages between ages 65 and 66, the early retirement factors must be determined by linear interpolation between the early retirement factors applicable for normal retirement ages 65 and 66.

Sec. 4. Minnesota Statutes 2016, section 354A.37, subdivision 2, is amended to read:

Subd. 2. Eligibility for deferred retirement annuity. (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred ~~retirement~~ annuity in lieu of a refund under subdivision 1.

(b) The deferred ~~retirement~~ annuity must be ~~computed under section 354A.31~~ and shall be augmented as provided in this subdivision from the first day of the month following the termination of active service to the effective date of retirement. There is no augmentation if this period is less than three months.

(c) The deferred annuity commences upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

~~(b) The monthly annuity amount that had accrued when the member ceased to render teaching service must be augmented from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months. The rate of augmentation is~~

(d) For a person who became a covered employee before July 1, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) three percent compounded annually until January 1 of the year following the year in which the former member attains age 55; or June 30, 2012, whichever is earlier;

(2) five percent compounded annually after that date to July 1 from the January 1 next following the attainment of age 55 or until June 30, 2012, and;

(3) two percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at from July 1, 2012, until June 30, 2019; and

(4) after June 30, 2019, the deferred annuity must not be augmented.

(e) For a person who became a covered employee after June 30, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent compounded annually to July 1, 2012, and until June 30, 2012;

(2) two percent compounded annually after that date to the effective date of retirement if the employee became an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year. from July 1, 2012, until June 30, 2019; and

(3) after June 30, 2019, the deferred annuity must not be augmented.

~~(e)~~ (f) The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

Sec. 5. Minnesota Statutes 2016, section 354A.37, subdivision 3, is amended to read:

Subd. 3. **Computation of refund amount.** A former coordinated member who qualifies for a refund under subdivision 1 is entitled to receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the ~~rate of~~ following rates for the applicable period:

~~(1) Six percent per annum compounded annually to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and;~~

(2) four percent per annum compounded annually to July 1, 2018; and

(3) three percent per annum compounded annually thereafter.

Sec. 6. **REPEALER.**

Minnesota Statutes 2016, sections 354A.29, subdivisions 8 and 9; and 354A.39, are repealed.

Sec. 7. **EFFECTIVE DATE.**

Sections 1 to 6 are effective June 30, 2018.

ARTICLE 5

**ACTUARIAL ASSUMPTIONS AND
POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE PLANS**

Section 1. Minnesota Statutes 2017 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. ~~Interest and salary~~ **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following ~~interest~~ investment return assumption:

~~(1) select and ultimate interest rate assumption~~

	plan	ultimate interest rate assumption
teachers retirement plan		8.5%

~~The select preretirement interest rate assumption for the period through June 30, 2017, is eight percent.~~

~~(2) single rate interest rate assumption~~

	plan	interest rate investment return assumption
general state employees retirement plan		8 7.5%
correctional state employees retirement plan		8 7.5
State Patrol retirement plan		8 7.5
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities		0

judges retirement plan	§ 7.5
general public employees retirement plan	§ 7.5
public employees police and fire retirement plan	§ 7.5
local government correctional service retirement plan	§ 7.5
<u>teachers retirement plan</u>	<u>7.5</u>
St. Paul teachers retirement plan	§ 7.5
Bloomington Fire Department Relief Association	6
local monthly benefit volunteer firefighter relief associations	5
monthly benefit retirement plans in the statewide volunteer firefighter retirement plan	6

(b)(1) ~~If funding stability has been attained, The actuarial valuation for each of the covered retirement plans listed in section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must use a take into account the postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate or rates applicable to the plan as specified in section 354A.29, subdivision 9 7, or 356.415, subdivision 1, whichever applies.~~

(2) ~~If funding stability has not been attained, the valuation must use a select postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.29, subdivision 8, or 356.415, subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary estimates that the plan will attain the defined funding stability measure, and thereafter an ultimate postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate under section 354A.29, subdivision 9, or 356.415, subdivision 1, for the applicable period or periods beginning when funding stability is projected to be attained.~~

(c) ~~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; and payroll growth assumptions found in the appendix to the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision 10. The appendix must be updated whenever new assumptions have been approved or deemed approved under subdivision 18.~~

~~(1) single rate future salary increase assumption~~

plan	future salary increase assumption
legislators retirement plan	5%
judges retirement plan	2.75
Bloomington Fire Department Relief Association	4

~~(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 B
St. Paul teachers retirement plan	assumption A

For plans other than the St. Paul teachers retirement plan and the local government correctional service 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 the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B
16	5.9%	8.75%
17	5.9	8.75
18	5.9	8.75
19	5.9	8.75
20	5.9	8.75
21	5.9	8.5
22	5.9	8.25
23	5.85	8
24	5.8	7.75
25	5.75	7.5
26	5.7	7.25
27	5.65	7
28	5.6	6.75
29	5.55	6.5
30	5.5	6.5
31	5.45	6.25
32	5.4	6.25
33	5.35	6.25
34	5.3	6
35	5.25	6
36	5.2	5.75
37	5.15	5.75
38	5.1	5.75

39	5.05	5.5
40	5	5.5
41	4.95	5.5
42	4.9	5.25
43	4.85	5
44	4.8	5
45	4.75	4.75
46	4.7	4.75
47	4.65	4.75
48	4.6	4.75
49	4.55	4.75
50	4.5	4.75
51	4.45	4.75
52	4.4	4.75
53	4.35	4.75
54	4.3	4.75
55	4.25	4.5
56	4.2	4.5
57	4.15	4.25
58	4.1	4
59	4.05	4
60	4	4
61	4	4
62	4	4
63	4	4
64	4	4
65	4	3.75
66	4	3.75
67	4	3.75
68	4	3.75
69	4	3.75
70	4	3.75

(3) ~~service-related ultimate future salary increase assumption~~

~~general state employees retirement plan of the Minnesota State Retirement System~~

~~assumption A~~

~~general employees retirement plan of the Public Employees Retirement Association~~

~~assumption B~~

~~Teachers Retirement Association~~

~~assumption C~~

~~public employees police and fire retirement plan~~

~~assumption D~~

~~State Patrol retirement plan~~

~~assumption E~~

correctional state employees retirement plan of the Minnesota
State Retirement System

assumption F

service length	A	B	C	D	E	F
1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
2	7.85	8.65	9	10.75	7.25	5.6
3	6.65	7.21	8	8.75	6.75	5.45
4	5.95	6.33	7.5	7.75	6.5	5.3
5	5.45	5.72	7.25	6.25	6.25	5.15
6	5.05	5.27	7	5.85	6	5
7	4.75	4.91	6.85	5.55	5.75	4.85
8	4.45	4.62	6.7	5.35	5.6	4.7
9	4.25	4.38	6.55	5.15	5.45	4.55
10	4.15	4.17	6.4	5.05	5.3	4.4
11	3.95	3.99	6.25	4.95	5.15	4.3
12	3.85	3.83	6	4.85	5	4.2
13	3.75	3.69	5.75	4.75	4.85	4.1
14	3.55	3.57	5.5	4.65	4.7	4
15	3.45	3.45	5.25	4.55	4.55	3.9
16	3.35	3.35	5	4.55	4.4	3.8
17	3.25	3.26	4.75	4.55	4.25	3.7
18	3.25	3.25	4.5	4.55	4.1	3.6
19	3.25	3.25	4.25	4.55	3.95	3.5
20	3.25	3.25	4	4.55	3.8	3.5
21	3.25	3.25	3.9	4.45	3.75	3.5
22	3.25	3.25	3.8	4.35	3.75	3.5
23	3.25	3.25	3.7	4.25	3.75	3.5
24	3.25	3.25	3.6	4.25	3.75	3.5
25	3.25	3.25	3.5	4.25	3.75	3.5
26	3.25	3.25	3.5	4.25	3.75	3.5
27	3.25	3.25	3.5	4.25	3.75	3.5
28	3.25	3.25	3.5	4.25	3.75	3.5
29	3.25	3.25	3.5	4.25	3.75	3.5
30 or more	3.25	3.25	3.5	4.25	3.75	3.5

(d) 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	3.5%
correctional state employees retirement plan	3.5

State Patrol retirement plan	3.5
judges retirement plan	2.75
general employees retirement plan of the Public Employees Retirement Association	3.5
public employees police and fire retirement plan	3.5
local government correctional service retirement plan	3.5
teachers retirement plan	3.75
St. Paul teachers retirement plan	4

~~(e)~~ (d) The assumptions set forth in ~~paragraphs (e) and (d)~~ the appendix to the standards for actuarial work 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.

Sec. 2. Minnesota Statutes 2016, section 356.215, subdivision 9, is amended to read:

Subd. 9. **Other assumptions.** ~~The (a)~~ Each plan's actuarial valuation must use assumptions concerning base mortality rates, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor. These assumptions must be set at levels consistent with those determined in the most recent quadrennial experience study completed under subdivision 16, if required, or representative of the best estimate of future experience as recommended by the plan's approved actuary, if a quadrennial experience study is not required.

(b) The actuarial valuation may use an assumption concerning future mortality improvement. This assumption may be set at levels consistent with those determined in the most recent mortality improvement scale published by the Society of Actuaries or as otherwise recommended by the plan's approved actuary.

(c) The actuarial valuation must contain an exhibit indicating ~~any~~ the actuarial assumptions used in preparing the valuation report.

Sec. 3. Minnesota Statutes 2016, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), but excluding the legislators retirement plan, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll

growth at the applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement plans and for the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 8 in effect

after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, ~~2031~~ 2048.

(e) For the Teachers Retirement Association, the established date for full funding is June 30, ~~2037~~ 2048.

(f) For the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, ~~2038~~ 2048.

(g) For the judges retirement plan, the established date for full funding is June 30, ~~2038~~ 2048.

(h) For the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, ~~2038~~ 2048.

(i) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2042. ~~In addition to other requirements of this chapter, the annual actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year~~ 2048.

(j) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, ~~2040~~ 2048.

(k) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Sec. 4. Minnesota Statutes 2016, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the covered retirement plans ~~enumerated~~ listed in subdivision 3, a person ~~who has met the qualifications of paragraph (b)~~ may elect to receive, upon retirement, a retirement annuity from each ~~enumerated~~ covered 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 ~~(e)~~. (b), if the person has:

(1) allowable service in any two or more of the covered plans;

(2) at least one-half year of allowable service in each covered plan, based on the allowable service in each plan;

(3) total allowable service that equals or exceeds the longest service credit vesting requirement of the applicable retirement plan; and

(4) not begun to receive an annuity from any covered plan or made application for benefits from each applicable plan and the retirement annuity effective dates of each plan are within a one-year period.

~~(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.~~

~~(e) (b) If all requirements in paragraph (a) have been satisfied, 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 used to calculate the annuity for each 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 under each plan must be those the percentages prescribed by each plan's formula as continued in effect 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 covered plans must be combined in determining eligibility for and the application of each plan's provisions in with 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 that is a~~ covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(c) If a person eligible for an annuity under paragraph (a) from each covered plan terminates all public service, the deferred annuity must be augmented from the date of termination until the earlier of:

(1) the effective date of retirement; or

(2) December 31, 2018, for the Minnesota State Retirement System and the Public Employees Retirement Association or June 30, 2019, for the Teachers Retirement Association and the St. Paul Teachers Retirement Association.

A deferred annuity must not be augmented after the applicable dates under clause (2). The appropriate rate of augmentation is the rate in effect on the date on which the person entered into public employment and subsequently adjusted according to the laws governing each covered plan, as applicable.

(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 2.7 percent per year of service for any year of service or fraction thereof. The formula percentage used by:~~

~~(1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service for any year of service or fraction thereof. The accrual rate used by:~~

~~(2) the public employees police and fire plan and the State Patrol retirement plan accrual rate must not exceed 3.0 percent per year of service for any year of service or fraction thereof. The accrual rate or rates used by:~~

~~(3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c); and~~

~~(4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service for any year of service or fraction thereof.~~

(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. 5. [356.311] COVERAGE BY MORE THAN ONE PLAN.

(a) Any person who has been a member of two or more of the retirement plans listed in paragraph (b) is entitled, when qualified, to an annuity from each fund if:

(1) the person's combined service in any two or more retirement plans equals or exceeds the vesting requirement of the fund with the longest vesting requirement; and

(2) the person has not taken a refund from any of the retirement plans.

(b) This section applies to any defined benefit plan administered by the Minnesota State Retirement System, including the State Patrol Retirement Plan; the Public Employees Retirement Association, including the public employees police and fire plan; the Teachers Retirement Association; and the St. Paul Teachers Retirement Fund Association, except as noted in paragraph (c).

(c) This section does not apply to plans providing benefits for police officers or firefighters under sections 424A.091 to 424A.096 or the Bloomington Fire Department Relief Association.

(d) No portion of the service upon which the retirement annuity from one retirement plan is based shall be again used in the computation of a retirement annuity from another plan. The annuity from each plan must be determined under the laws applicable to that plan except that the requirement that a person meet the vesting requirement in any particular plan shall not apply, provided the combined service in any two or more plans equals or exceeds the vesting requirement of the plan with the longest vesting requirement.

(e) Any deferred annuity payable under this section shall be subject to augmentation under the laws applicable to the deferred annuity.

(f) Any person to whom an annuity is not payable under this section because the person took a refund from one of the funds shall be entitled to repay the refund in accordance with the laws governing the refund. Upon repayment, the person is entitled to annuities under this section, if the person would otherwise be entitled.

Sec. 6. Minnesota Statutes 2016, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally Minnesota State Retirement System general state employees retirement plan, legislators retirement plan, and unclassified state employees retirement program.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f set forth in paragraph (c), recipients of a retirement annuity, disability benefit, or survivor benefit recipients of a covered from the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment annually on, effective as of each January 1, as follows:

(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of 2.5 one percent must be applied each year, ~~effective January 1,~~ to the amount of 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 as of the June 30 of the calendar year immediately before the adjustment; ~~and~~

(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit recipient who has been receiving an annuity or a benefit ~~amount~~ for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, ~~an annual~~ a postretirement increase of 1/12 of 2.5 one percent for each month that the person has been receiving an annuity or benefit must be applied: to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;

(3) effective January 1, 2024, and thereafter, a postretirement increase of 1.5 percent must be applied each year to the amount of 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 as of the June 30 of the calendar year immediately before the adjustment; and

(4) effective January 1, 2024, and thereafter, 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 June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this ~~section~~ subdivision 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.

(c) Members who retire on or after January 1, 2024, under the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (3), must be applied, effective on January 1, to the amount of the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a), clause (4), for each month that the member has been receiving an annuity must be applied, effective on January 1, to the amount of the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than seven months before the date of adjustment, a postretirement increase shall not be applied until the next January 1 and the amount of the adjustment shall be the amount determined under clause (2).

(d) Paragraph (c) does not apply to members who retire under section 352.116, subdivision 1, paragraph (c).

Sec. 7. Minnesota Statutes 2016, section 356.415, subdivision 1a, is amended to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans ~~other than State Patrol correctional state employees retirement plan.~~** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the ~~legislators retirement plan, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, and the unclassified state employees retirement program~~ are entitled to a an annual postretirement adjustment annually on, effective as of each January 1, as follows:

(1) ~~for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan, a postretirement increase of two 1.5 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 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

(2) ~~for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to 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 June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of two 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.~~

~~(b) Increases under this subdivision for the general state employees retirement plan or the correctional state employees retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations 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 indicate 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 established under chapter 3A, including the constitutional officers specified in that chapter, and for the unclassified state employees retirement program, terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations 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 indicate 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) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, for the general state employees retirement plan or the correctional state employees retirement plan, is again to be applied in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.~~

~~(d) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, for the legislators retirement plan, including the constitutional officers, and for the unclassified state employees retirement program, is again to be applied in a subsequent year or years if the market value of assets of the general state employees retirement plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.~~

~~(e) (b) 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.~~

Sec. 8. Minnesota Statutes 2016, 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~~ Annuities, disability benefits, and survivor benefits being paid from 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 ~~shall be increased effective each January 1, as follows:~~ by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (c).

~~(1) for 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 June 30 of the calendar year immediately before the adjustment;~~

~~(2) for 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 June 30 of the calendar year immediately before the adjustment, 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 June 30 of the calendar year immediately before the adjustment; 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 June 30 of the calendar year immediately before the adjustment, 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 two most recent consecutive actuarial valuations 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) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, is again to be applied in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:

(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(b) The percentage of increase shall be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than two percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than two percent, the percentage of increase shall be 50 percent of the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed 1.5 percent.

(c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

(d) Effective for members who retire on or after January 1, 2024, annuities shall not be increased under paragraphs (a) to (c) until January 1 of the year following the year in which the member reaches normal retirement age. January 1 of the year following the year in which the member reaches normal retirement age shall be considered the effective date of the increase under paragraph (c). If

a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member reaches normal retirement age, no increase shall be paid until January 1 of the next year.

~~(d)~~ (e) 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.

(f) Paragraph (d) does not apply to members who retire under section 353.30, subdivision 1a.

Sec. 9. Minnesota Statutes 2016, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to ~~a an annual postretirement adjustment annually on, effective as of each~~ an annual postretirement adjustment annually on, effective as of each January 1, ~~if the definition of funding stability under paragraph (c) has not been met,~~ as follows:

~~(1) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to one percent in each year; or~~

~~(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least one full month, but less than 12 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and~~

~~(3) (1) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who will have been receiving an annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or~~

~~(4) (2) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who has been receiving the annuity or benefit for at least 25 full months, but less than 36 months as of the immediate preceding June 30, an amount equal to a postretirement increase of 1/12 of one percent for each full month of that the person has been receiving an annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.~~

~~(b) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on each January 1 following the restoration of funding stability as defined under paragraph (c) and during the continuation of funding stability as defined under paragraph (c), as follows:~~

~~(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to 2.5 percent; and~~

~~(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 25 full months, but less than 36 full months, as of the immediate preceding June 30, an amount~~

equal to 1/12 of 2.5 percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.

~~(c) Funding stability is restored when the market value of assets of the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent consecutive actuarial valuations prepared under section 356.215 and under the standards for actuarial work of the Legislative Commission on Pensions and Retirement by the approved actuary retained by the Public Employees Retirement Association under section 356.214.~~

~~(d) After having met the definition of funding stability under paragraph (c), a full or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever applies, rather than adjustments under paragraph (b), is again applied in a subsequent year or years if the market value of assets of the public employees police and fire retirement plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.~~

~~(e) (b) 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.~~

Sec. 10. Minnesota Statutes 2016, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit, or survivor benefit recipients of from the Teachers Retirement Association are entitled to a an annual postretirement adjustment annually on, effective as of each January 1, as follows:

(1) for each effective January 1 until funding stability is restored, 2019, through December 31, 2023, a postretirement increase of two one percent must be applied each year, effective on January 1, to the amount of the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

(2) for each effective January 1 until funding stability is restored, 2019, through December 31, 2023, 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 June 30 of the calendar year immediately before the adjustment, an annual a postretirement increase of 1/12 of two one percent for each month the person has been receiving an annuity or benefit must be applied; to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;

(3) for each January 1 following the restoration of funding stability, 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 a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

~~(4) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, 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 Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the two most recent prior actuarial valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.~~

~~(c) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied in a subsequent year or years if the market value of assets of the plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the plan for the most recent actuarial valuation.~~

(3) effective January 1, 2024, and thereafter, a postretirement increase must be applied each year to the amount of 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 as of the June 30 of the calendar year immediately before the adjustment, at the following rates:

<u>from January 1, 2024, through December 31, 2024</u>	<u>1.1 percent</u>
<u>from January 1, 2025, through December 31, 2025</u>	<u>1.2 percent</u>
<u>from January 1, 2026, through December 31, 2026</u>	<u>1.3 percent</u>
<u>from January 1, 2027, through December 31, 2027</u>	<u>1.4 percent</u>
<u>from January 1, 2028, and thereafter</u>	<u>1.5 percent</u>

(4) effective January 1, 2024, and thereafter, 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 June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of the applicable percentage for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient. The applicable percentages are the following:

<u>from January 1, 2024, through December 31, 2024</u>	<u>1.1 percent</u>
<u>from January 1, 2025, through December 31, 2025</u>	<u>1.2 percent</u>
<u>from January 1, 2026, through December 31, 2026</u>	<u>1.3 percent</u>
<u>from January 1, 2027, through December 31, 2027</u>	<u>1.4 percent</u>
<u>from January 1, 2028, and thereafter</u>	<u>1.5 percent</u>

~~(d)~~ (b) 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 Teachers Retirement Association requesting that the increase not be made.

~~(e)~~ (c) 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 354.35 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, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

(d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (3), must be applied, effective on January 1, to the amount of the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the applicable percentage specified in paragraph (a), clause (4), for each month that the member has been receiving an annuity must be applied, effective on January 1, to the amount of the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member attains normal retirement age, a postretirement adjustment shall be applied effective as of the next January 1. The amount of the adjustment shall be determined under clause (2).

(e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision 6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f), as applicable.

Sec. 11. Minnesota Statutes 2016, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to ~~a an annual postretirement adjustment annually on, effective as of each January 1 if the definition of funding stability under paragraph (b) has not been met,~~ as follows:

(1) a postretirement increase of one 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 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) 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 June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

~~(b) Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations for the plan 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 85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases under paragraph (a) become effective again on the December 31 of the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations for the plan 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 the assets of the retirement plan equals or is less than 80 percent of the actuarial accrued liability of the retirement plan for two years, or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan for one year and increases under paragraph (c) commence after that date.~~

~~(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:~~

~~(1) a postretirement increase of 1.5 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 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(2) 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 June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied.~~

~~(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted 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.~~

~~(e) (b) 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.~~

Sec. 12. Minnesota Statutes 2016, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan. (a) The increases provided under this subdivision are in lieu of increases under

~~subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.~~

~~(b) (a) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a an annual postretirement adjustment ~~annually on, effective as of each January 1;~~ if the definition of funding stability under paragraph (b) has not been met, as follows:~~

~~(1) a postretirement increase of 1.75 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 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(2) 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 June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.~~

~~(e) (b) Increases under ~~this subdivision~~ paragraph (a) terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations 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 judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 or 1a, whichever is applicable, paragraph (c) begin on the January 1 next following after that date.~~

~~(c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually, effective as of each January 1 if the definition of funding stability under paragraph (d) has not been met, as follows:~~

~~(1) a postretirement increase of two percent must be applied each year 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 as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(2) 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 June 30 of the calendar year immediately before the adjustment, 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 to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.~~

~~(d) Increases under paragraph (c) terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under section 356.214 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicate that the market value of assets of the judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (e) begin after that date.~~

(e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually, effective as of each January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year 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 as of the June 30 of the calendar year immediately before the adjustment; and

(2) 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 June 30 of the calendar year immediately before the adjustment, 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 to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

~~(d)~~ (f) 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.

Sec. 13. Minnesota Statutes 2016, section 356.415, is amended by adding a subdivision to read:

Subd. 1g. Annual postretirement adjustments; PERA local government correctional retirement plan. (a) Annuities, disability benefits, and survivor benefits being paid from the local government correctional retirement plan of the Public Employees Retirement Association shall be increased effective each January 1 by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (c).

(b) The percentage of increase shall be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than one percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than one percent, the percentage of increase shall be the same as the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed the applicable maximum percentage. The applicable maximum percentage is 2.5 percent, until either of the following occurs, in which case the applicable maximum percentage is 1.5 percent and remains at 1.5 percent thereafter:

(1) the market value of assets equals or is less than 85 percent of the actuarial accrued liabilities as reported by the plan's actuary in two consecutive annual actuarial valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

(c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

(d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

Sec. 14. **STUDY.**

Before December 31, 2020, the Legislative Commission on Pensions and Retirement must conduct a study of postretirement adjustments for the covered plans as defined in Minnesota Statutes, section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association. The study shall take into account the purpose of postretirement adjustments and whether governing statutes are consistent with the purpose of postretirement adjustments. The study shall also consider alternative methodologies for determining postretirement adjustments and evaluate the new methodology to be used by the Public Employees Retirement Association under this act. The Legislative Commission on Pensions and Retirement shall report its conclusions based on the study during the 2021 legislative session.

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective June 30, 2018.

ARTICLE 6

INTEREST RATE CONFORMING CHANGES

Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon written application to the executive director on a form prescribed by the executive director, a refund from the general fund of all contributions credited to the member's account with interest computed as provided in section 352.22, subdivision 2.

(b) The refund of contributions as provided in paragraph (a) terminates all rights of a former member of the legislature and the survivors of the former member under this chapter.

(c) If the former member of the legislature again becomes a member of the legislature after having taken a refund as provided in paragraph (a), the member is a member of the unclassified employees retirement program of the Minnesota State Retirement System.

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,

subdivision 2, compounded annually, from the date on which the refund was taken to the date on which the refund is repaid.

(e) A member of the legislature who has received a refund from any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund to the respective plan under such terms and conditions consistent with the law governing the retirement plan if the law governing the plan permits the repayment of refunds. If the total amount to be repaid, including principal and interest exceeds \$2,000, repayment may be made in three equal installments over a period of 18 months, with the interest accrued during the period of the repayment added to the final installment.

~~(e)~~ (f) No person may be required to apply for or to accept a refund.

Sec. 2. Minnesota Statutes 2016, section 352.01, subdivision 13a, is amended to read:

Subd. 13a. **Reduced salary during period of workers' compensation.** An employee on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence, may make payment to the fund for the difference between salary received, if any, and the salary the employee would normally receive if not on leave of absence during the period. The employee shall pay an amount equal to the employee and employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential salary amount for the period of the leave of absence.

The employing department, at its option, may pay the employer amount on behalf of its employees. Payment made under this subdivision must include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or rates specified in section 356.59, subdivision 2, and must be completed within one year of the return from leave of absence.

Sec. 3. Minnesota Statutes 2016, section 352.017, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this chapter may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

Sec. 4. Minnesota Statutes 2016, section 352.04, subdivision 8, is amended to read:

Subd. 8. Department required to pay omitted salary deductions. (a) If a department fails to take deductions past due for a period of 60 days or less from an employee's salary as provided in this section, those deductions must be taken on later payroll abstracts.

(b) If a department fails to take deductions past due for a period in excess of 60 days from an employee's salary as provided in this section, the department, and not the employee, must pay on later payroll abstracts the employee and employer contributions and ~~an amount equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June 30, 2015, and eight percent thereafter compound annual interest; at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date the employee and employer contributions should have been deducted to the date payment of the total amount due is paid by the department.~~

(c) If a department fails to take deductions past due for a period of 60 days or less and the employee is no longer in state service so that the required deductions cannot be taken from the salary of the employee, the department must nevertheless pay the required employer contributions. If any department fails to take deductions past due for a period in excess of 60 days and the employee is no longer in state service, the omitted contributions must be recovered under paragraph (b).

(d) If an employee from whose salary required deductions were past due for a period of 60 days or less leaves state service before the payment of the omitted deductions and subsequently returns to state service, the unpaid amount is considered the equivalent of a refund. The employee accrues no right by reason of the unpaid amount, except that the employee may pay the amount of omitted deductions as provided in section 352.23.

Sec. 5. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

Subd. 9. Erroneous deductions, canceled warrants. (a) Deductions taken from the salary of an employee for the retirement fund in excess of required amounts must, upon discovery and verification by the department making the deduction, be refunded to the employee.

(b) If a deduction for the retirement fund is taken from a salary warrant or check, and the check is canceled or the amount of the warrant or check returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

(c) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plans specified in section 356.99, that section applies. If the employee should have been covered by the plan governed by chapter 352D, 353D, 354B, or

354D, the employee deductions and employer contributions taken in error must be directly transferred to the applicable employee's account in the correct retirement plan, with interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, compounded annually, from the first day of the month following the month in which coverage should have commenced in the correct defined contribution plan until the end of the month in which the transfer occurs.

Sec. 6. Minnesota Statutes 2016, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

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

(b) Terminated service credits and rights must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. In that event, the employee may repay all refunds previously taken from the retirement fund.

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

(d) Payments under this section for repayment of refunds are to be paid with interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date the refund was taken until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04. Payment may be made in a lump sum up to six months after termination from service.

Sec. 7. Minnesota Statutes 2016, section 352.27, is amended to read:

352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED SERVICE.

(a) An employee who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state service upon discharge from service in the uniformed service within the time frames required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service as further specified in this section, provided that the employee did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The employee may obtain credit by paying into the fund an equivalent employee contribution 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 during the purchase period that the employee would have received if the employee 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 employee's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service.

(c) The equivalent employer contribution and, if applicable, the equivalent additional employer contribution provided in this chapter must be paid by the department employing the employee from funds available to the department at the time and in the manner provided in this chapter, 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 employee contribution.

(d) If the employee equivalent contributions provided in this section are not paid in full, the employee'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 employee contribution received by the total employee contribution otherwise required under this section.

(e) To receive service credit under this section, the contributions specified in this section must be transmitted to the Minnesota State Retirement System during the period which begins with the date on which the individual returns to state service and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is less than one year, the contributions required under this section to receive service credit may be made within one year of the discharge date.

(f) 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.

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be ~~computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, 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.

Sec. 8. Minnesota Statutes 2016, section 352.955, subdivision 3, is amended to read:

Subd. 3. Payment of additional equivalent contributions. (a) An eligible employee who is transferred to plan coverage 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 the ~~applicable monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ or rates specified in section 356.59, subdivision 2.

(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 the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2.

(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.

Sec. 9. Minnesota Statutes 2016, section 352B.013, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in this chapter may purchase credit for allowable service in the plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing

unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in section 352B.02 at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year from the date the employee returned to work following the authorized leave, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in section 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

Sec. 10. Minnesota Statutes 2016, section 352B.085, is amended to read:

352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF ABSENCE.

A member on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may make payment to the fund for the difference between salary received, if any, and the salary that the member would normally receive if the member was not on leave of absence during the period. The member shall pay an amount equal to the member and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under this subdivision must include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or rates specified in section 356.59, subdivision 2, and must be completed within one year of the member's return from the leave of absence.

Sec. 11. Minnesota Statutes 2016, section 352B.086, is amended to read:

352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.

(a) A member who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state employment in a position covered by the plan upon discharge from service in the uniformed services within the time frame required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service, provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The member may obtain credit by paying into the fund an equivalent member contribution based on the member 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 during the purchase period that the member would have received if the member had continued to provide employment services to the state 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 during the 12-month period of covered employment rendered immediately preceding the purchase period.

(c) The equivalent employer contribution and, if applicable, the equivalent employer additional contribution, must be paid by the employing unit, using the employer and employer additional 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.

(d) If the member equivalent contributions provided for in this section 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 section.

(e) To receive allowable service credit under this section, the contributions specified in this section must be transmitted to the fund during the period which begins with the date on which the individual returns to state employment covered by the plan and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is calculated to be less than one year, the contributions required under this section to receive service credit must be transmitted to the fund within one year from the discharge date.

(f) The amount of allowable 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.

(g) The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 12. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

Subd. 4. **Reentry into state service; refund repayment.** (a) When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest ~~on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.

(b) A person who has received a refund from the State Patrol retirement fund who is a member of another public retirement system included in section 356.311 may repay the refund with interest to the State Patrol retirement fund as provided in paragraph (a).

Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay regular refunds taken under section 352.22, as provided in section 352.23.

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

(c) Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum.

Sec. 14. Minnesota Statutes 2016, section 352D.11, subdivision 2, is amended to read:

Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may make the purchase by paying to the state retirement system an amount equal to the current employee contribution rate in effect for the state retirement system applied to the current or final salary rate multiplied by the months and days of prior temporary, intermittent, or contract legislative service. Payment shall be made in one lump sum unless the executive director of the state retirement system agrees to accept payment in installments over a period of not more than three years from the date of the agreement. Installment payments shall be charged interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually.

Sec. 15. Minnesota Statutes 2016, section 352D.12, is amended to read:

352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.

(a) An employee who is a participant in the unclassified program and who has prior service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within the time limits specified in this section, elect to transfer to the unclassified program prior service contributions to one or more of those plans.

(b) For participants with prior service credit in a plan governed by chapter 352, 353, 354, 354A, or 422A, "prior service contributions" means the accumulated employee and equal employer contributions with interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, based on fiscal year balances.

(c) If a participant has taken a refund from a retirement plan listed in this section, the participant may repay the refund to that plan, notwithstanding any restrictions on repayment to that plan, ~~plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~ with interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, and have the accumulated employee and equal employer contributions transferred to the unclassified program with interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter

compounded annually based on fiscal year balances. If a person repays a refund and subsequently elects to have the money transferred to the unclassified program, the repayment amount, including interest, is added to the fiscal year balance in the year which the repayment was made.

(d) A participant electing to transfer prior service contributions credited to a retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this section must complete a written application for the transfer and repay any refund within one year of the commencement of the employee's participation in the unclassified program.

Sec. 16. Minnesota Statutes 2016, 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, subdivisions 12 and 12a, 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 during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section 353.0161 or 353.0162, to the fund made in place of salary deductions;

(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 until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, 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 until June 30, 2015, and eight percent interest thereafter~~ at the applicable rate or rates specified in section 356.59, subdivision 3, 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 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 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 the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, 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) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(c) 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.

Sec. 17. Minnesota Statutes 2016, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.

(a) A member may purchase additional salary credit for a period specified in this section.

(b) The applicable period is a period during which the member is receiving a reduced salary from the employer while the member is:

(1) receiving temporary workers' compensation payments related to the member's service to the public employer;

(2) on an authorized leave of absence; or

(3) on an authorized partial paid leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision.

(c) The differential salary amount is the difference between the average monthly salary received by the member during the period of reduced salary under this section and the average monthly salary of the member, excluding overtime, on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before the period of reduced salary, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(d) To receive eligible salary credit, the member shall pay an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(e) The employer, by appropriate action of its governing body and documented in its official records, may pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at ~~an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter~~ the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, prorated for applicable the number of months, if less than 12 months, from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 months of authorized leave.

(h) To purchase salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service.

Sec. 18. Minnesota Statutes 2017 Supplement, section 353.27, subdivision 3c, is amended to read:

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, 2015, through December 31, 2031, the member contributions for former members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

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

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

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

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

(f) The employer supplemental contribution amount under paragraph (d) for calendar year 2015 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount on or before September 30, 2015. For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year and is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with ~~compound~~ interest, compounded annually, at the rate of 0.71 percent applicable rate or rates specified in section 356.59, subdivision 3, per month for each month or portion of a month that has elapsed after the due date.

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

Sec. 19. Minnesota Statutes 2016, section 353.27, subdivision 7a, is amended to read:

Subd. 7a. Deductions or contributions transmitted by error. (a) If employee deductions and employer contributions under this section, section 353.50, 353.65, or 353E.03 were erroneously transmitted to the association, but should have been transmitted to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or individual account, as applicable. The time limitations specified in subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution plan account must include interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent~~ applicable rate or rates specified in section 356.59, subdivision 3, per month thereafter, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

(b) A potential transfer under paragraph (a) that is reasonably determined to cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue Code, as amended, must not be made by the executive director of the association. Within 30 days after being notified by the Public Employees Retirement Association of an unmade potential transfer under this paragraph, the employer of the affected person must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the retirement fund of the appropriate Minnesota public pension plan, or to the applicable individual account if the proper coverage is by a defined contribution plan. The association must provide the employing unit a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer. If the employing unit receives a credit under this paragraph, the employing unit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

(c) If erroneous employee deductions and employer contributions reflect a plan coverage error involving any Public Employees Retirement Association plan specified in section 356.99 and any other plan specified in that section, section 356.99 applies.

Sec. 20. Minnesota Statutes 2016, section 353.27, subdivision 12, is amended to read:

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date the contributions were first payable.

(e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

Sec. 21. Minnesota Statutes 2016, section 353.27, subdivision 12a, is amended to read:

Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who was a member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee deductions could be withheld from salary, may pay the omitted employee deductions for the period on which omitted employer contributions were previously paid plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated employee may pay the omitted employee deductions plus interest within six months of an initial notification from the association of eligibility to pay those omitted deductions. If a terminated employee is reemployed in a position covered under a public pension fund under section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment must be made no later than six months after a subsequent termination of public service.

Sec. 22. Minnesota Statutes 2016, section 353.27, subdivision 12b, is amended to read:

Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted from salary adjustments or final salary of a terminated employee who was a member of the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who is immediately eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer additional contributions plus interest on both the employer and employee amounts due at ~~an annual rate of 8.5 percent~~ the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. The employee shall pay the employee deductions within six months of an initial notification from the association of eligibility to pay omitted deductions or the employee forfeits the right to make the payment.

Sec. 23. Minnesota Statutes 2016, section 353.28, subdivision 5, is amended to read:

Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or section 353.27, subdivision 4, is payable with interest at the ~~annual compound rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date due until the date payment is received by the association, with a minimum interest charge of \$10.

Sec. 24. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund must terminate.

(b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

(c) The rights and benefits of a former member must not be restored until the person returns to active service and acquires at least six months of allowable service credit after taking the last refund

and repays the refund or refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. If the person elects to restore service credit in a particular fund from which the person has taken more than one refund, the person must repay all refunds to that fund. All refunds must be repaid within six months of the last date of termination of public service.

Sec. 25. Minnesota Statutes 2016, section 354.50, subdivision 2, is amended to read:

Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall include interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from date of withdrawal to the date payment is made and shall be credited to the fund.

Sec. 26. Minnesota Statutes 2016, section 354.51, subdivision 5, is amended to read:

Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event that full required member contributions are not deducted from the salary of a teacher, payment of shortages in member deductions on salary earned are the sole obligation of the employing unit and are payable by the employing unit upon notification by the executive director of the shortage. The amount of the shortage shall be paid with interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. The employing unit shall also pay the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the employing unit within 60 days of notification, and if the executive director does not use the recovery procedure in section 354.512, the executive director shall certify the amount of the shortage to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes. Payment may not be made for shortages in member deductions on salary paid or payable under paragraph (b) or for shortages in member deductions for persons employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution that exceeds the most recent 36 months.

(b) For a person who is employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution, upon the person's election under section 354B.21 of retirement coverage under this chapter, the shortage in member deductions on the salary for employment by the Minnesota State Colleges and Universities system institution of less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution for the most recent 36 months and the associated employer contributions must be paid by the Minnesota State Colleges and Universities system institution, plus ~~annual compound~~ interest at the rate of 8.5 percent applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from the end of the fiscal year in which the shortage occurred to the end of the month in which the Teachers Retirement Association coverage election is made. An individual electing coverage under this paragraph shall repay the

amount of the shortage in member deductions, plus interest, through deduction from salary or compensation payments within the first year of employment after the election under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State Colleges and Universities system may use any means available to recover amounts which were not recovered through deductions from salary or compensation payments. No payment of the shortage in member deductions under this paragraph may be made for a period longer than the most recent 36 months.

Sec. 27. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts due to the association and furnish a statement indicating the amount due and transmitted with any other information required by the executive director. If an amount due is not received by the association within 14 calendar days of the payroll warrant, ~~the amount accrues interest at an annual rate of 8.5 percent~~ employer shall pay interest on the amount due at the applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from the due date until the amount is received by the association. All amounts due and other employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of management and budget who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 28. Minnesota Statutes 2016, section 354.53, subdivision 5, is amended to read:

Subd. 5. **Interest requirements.** The employer shall pay interest on all equivalent employee and employer contribution amounts payable under this section. ~~Interest must be computed at a rate of 8.5 percent~~ at the applicable annual rate or rates specified in section 356.59, subdivision 4, 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.

Sec. 29. Minnesota Statutes 2016, section 354.72, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and formula service in the plan for a period specified in subdivision 1 if the teacher makes a payment as specified in paragraph (b), (c), or (d), whichever applies. The employing unit, at its option, may pay the employer portion of the amount on behalf of its employees.

(b) If payment is received by the executive director by June 30 of the fiscal year of the strike period or by December 31 of the fiscal year following an authorized leave included under section 354.093, 354.095, or 354.096, payment must equal the total employee and employer contribution rates, including amortization contribution rates if applicable, multiplied by the member's average monthly salary rate on the date the leave or strike period commenced, multiplied by the months and portions of a month of the leave or strike period for which the teacher seeks allowable service credit. This paragraph also applies to an extended leave under section 354.094, except that payment must be received by June 30 of the year of the leave, and the salary used in the computation is the salary received during the year immediately preceding the initial year of the leave.

(c) If payment is made after June 30 and before the following June 30 for a strike period, or after December 31 of the fiscal year following a leave of absence under section 354.093, 354.095, or 354.096, and before July 1, the payment must include the amount determined in paragraph (b) plus compound interest at ~~a~~ the applicable monthly rate of 0.71 percent or rates specified in section

356.59, subdivision 4, from June 30 for a strike period, or from December 31 for a leave under section 354.093, 354.095, or 354.096, until the last day of the month in which payment is received. If payment is made on or after July 1 and before the following July 1 for an extended leave of absence under section 354.094, the payment must include the amount determined in paragraph (b) plus compound interest at ~~a monthly rate of 0.71 percent~~ the applicable monthly rate or rates specified in section 356.59, subdivision 4, from June 30 until the last day of the month in which payment is received.

(d) If payment is received by the executive director after the applicable last permitted date under paragraph (c), the payment amount is the amount determined under section 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under this section may be made anytime before the effective date of retirement.

Sec. 30. Minnesota Statutes 2016, section 354A.093, subdivision 6, is amended to read:

Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 31. Minnesota Statutes 2016, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus ~~annual~~ interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

Sec. 32. Minnesota Statutes 2016, section 354A.12, subdivision 1a, is amended to read:

Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions are not deducted from the salary of a teacher, payment of the shortage in such deductions is the sole obligation of the employing unit during the three-year period following the end of the fiscal year in which the

shortage occurred. The shortage is payable by the employing unit upon notification of the shortage by the executive director of the applicable retirement fund association. The employing unit shall also pay any employer contributions related to the shortage. The amount of the shortage in employee contributions and associated employer contributions is payable with interest at the ~~preretirement interest assumption for the retirement fund as specified in section 356.215, subdivision 8, stated as a monthly rate~~ applicable annual rate or rates specified in section 356.59, subdivision 5, from the date due until the date payment is received in the office of the association, compounded annually, with a minimum interest charge of \$10. If the shortage payment and interest is not paid by the employing unit within 60 days of notification, the executive director shall certify the amount of the shortage payment and interest to the commissioner of management and budget, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 33. Minnesota Statutes 2016, section 354A.12, subdivision 7, is amended to read:

Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers, within the time period specified in subdivision 8 following the payment of a refund or the accrual date of any retirement annuity, survivor benefit, or disability benefit, that benefit overpayment has occurred due to using invalid service or salary, or due to any erroneous calculation procedure, the executive director must recalculate the annuity or benefit payable and recover any overpayment. The executive director shall recover the overpayment by requiring direct repayment or by suspending or reducing the payment of a retirement annuity or other benefit payable under this chapter to the applicable person or the person's estate, whichever applies, until all outstanding amounts have been recovered. If a benefit overpayment or improper payment of benefits occurred caused by a failure of the person to satisfy length of separation requirements for retirement under section 354A.011, subdivision 21, the executive director shall recover the improper payments by requiring direct repayment. The repayment must include interest at the ~~rate of 0.71 percent per month~~ applicable annual rate or rates specified in section 356.59, subdivision 5, from the first of the month in which a monthly benefit amount was paid to the first of the month in which the amount is repaid, with annual compounding.

(b) In the event the executive director determines that an overpaid annuity or benefit that is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the executive director must determine the amount of the employee deductions taken in error on the invalid salary, with interest as determined under 354A.37, subdivision 3, and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

(c) If the invalid employee deductions plus interest exceed the amount of the overpaid benefits, the balance must be refunded to the person to whom the benefit or annuity is being paid.

(d) Any invalid employer contributions reported on the invalid salary must be credited against future contributions payable by the employer.

(e) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and an optional annuity or refund is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary or refund recipient.

(f) The board of trustees shall adopt policies directing the period of time and manner for the collection of any overpaid retirement or optional annuity, and survivor or disability benefit, or a refund that the executive director determines must be recovered as provided under this section.

Sec. 34. Minnesota Statutes 2016, section 354A.34, is amended to read:

354A.34 DISPOSITION OF UNPAID PERIOD CERTAIN FOR LIFE OR GUARANTEED REFUND OPTIONAL ANNUITIES.

If a retiree from a coordinated program who has elected a period certain and for life thereafter or a guaranteed refund optional annuity form dies without having a designated beneficiary who has survived the retiree, any remaining unpaid guaranteed annuity payments shall be computed at the rate of interest specified in section 356.215, subdivision 8, and paid in one lump sum to the estate of the retiree. If a retiree from a coordinated program who has elected a period certain and for life or a guaranteed refund optional annuity form dies with a designated beneficiary who has survived the retiree but the designated beneficiary dies without there existing another designated beneficiary, any remaining unpaid guaranteed annuity payments shall be computed ~~at the rate of~~ with interest at the applicable annual rate or rates specified in section 356.215, subdivision 8 356.59, subdivision 5, and paid in one lump sum to the estate of the designated beneficiary.

Sec. 35. Minnesota Statutes 2016, section 356.195, subdivision 2, is amended to read:

Subd. 2. Purchase procedure for strike periods. (a) An employee covered by a plan specified in subdivision 1 may purchase allowable service credit in the applicable plan for any period of time during which the employee was on a public employee strike without pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary deductions as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the applicable pension plan executive director within one year from the end of the strike, the payment amount is equal to the applicable employee and employer contribution rates specified in law for the applicable plan during the strike period, applied to the employee's rate of salary in effect at the conclusion of the strike for the period of the strike without pay, plus compound interest at the ~~monthly rate of 0.71 percent for any period for the Teachers Retirement Association and at the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent thereafter for any other retirement plan listed in section 356.30, subdivision 3~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, from the last day of the strike period until the date payment is received.

(c) If payment is received by the applicable pension fund director after one year and before five years from the end of the strike, the payment amount is the amount determined under section 356.551.

(d) Payments may not be made more than five years after the end of the strike.

Sec. 36. Minnesota Statutes 2016, section 356.44, is amended to read:

356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the ~~annual rate of 8.5 percent for any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015, and eight percent thereafter for any other retirement plan listed in section 356.30, subdivision 3~~ applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit must be allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 37. Minnesota Statutes 2016, section 356.50, subdivision 2, is amended to read:

Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable service credit, the eligible person under subdivision 1 shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including unemployment insurance, workers' compensation, or wages from other sources which reduced the back award. No contributions may be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award or within 60 days of a billing from the retirement fund, whichever is later.

(b) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph (a). ~~Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent until June 30, 2015, and eight percent thereafter, for any other retirement plan listed in section 356.30, subdivision 3, per year, expressed monthly.~~ The employer must pay compound interest on both the required member and employer contribution amounts at the applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph (a).

Sec. 38. Minnesota Statutes 2016, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

(b) Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision ~~4~~ 8.

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the ~~applicable annual rate of 8.5 percent a year~~ or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

Sec. 39. **[356.59] INTEREST RATES.**

Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required with respect to any payment, including refunds, remittances, shortages, contributions, or repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each public retirement plan.

Subd. 2. **Minnesota State Retirement System.** The interest rates for all retirement plans administered by the Minnesota State Retirement System are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>from July 1, 2015, to June 30, 2018</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Subd. 3. **Public Employees Retirement Association.** The interest rates for all retirement plans administered by the Public Employees Retirement Association are as follows:

<u>before July 1, 2015</u>	<u>8.5 percent</u>
<u>from July 1, 2015, to June 30, 2018</u>	<u>8.0 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>

Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan administered by the Teachers Retirement Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2018</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Subd. 5. **St. Paul Teachers Retirement Fund Association.** The interest rates for the retirement plan administered by the St. Paul Teachers Retirement Fund Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>from July 1, 2015, to June 30, 2018</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Sec. 40. Minnesota Statutes 2016, section 490.121, subdivision 4, is amended to read:

Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject to the service credit limit in subdivision 22, served as a judge at any time, during which the judge received compensation for that service from the state, municipality, or county, whichever applies, and for which the judge made any required member contribution. It also includes any month served as a referee in probate for all referees in probate who were in office before January 1, 1974.

(b) "Allowable service" also means a period of authorized leave of absence for which the judge has made a payment in lieu of contributions, not in an amount in excess of the service credit limit under subdivision 22. To obtain the service credit, the judge shall pay an amount equal to the normal cost of the judges retirement plan on the date of return from the leave of absence, as determined in the most recent actuarial report for the plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the judge's average monthly salary rate during the authorized leave of absence and multiplied by the number of months of the authorized leave of absence, plus ~~annual compound interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date of the termination of the leave to the date on which payment is made. The payment must be made within one year of the date on which the authorized leave of absence terminated.

Service credit for an authorized leave of absence is in addition to a uniformed service leave under section 490.1211.

(c) "Allowable service" does not mean service as a retired judge.

Sec. 41. Minnesota Statutes 2016, section 490.1211, is amended to read:

490.1211 UNIFORMED SERVICE.

(a) A judge who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state employment as a judge upon discharge from service in the uniformed service within the time frame required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service, provided that the judge did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The judge may obtain credit by paying into the fund equivalent member contribution based on 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 during the purchase period that the judge would have received if the judge had continued to provide employment services to the state rather than to provide uniformed service, or if the determination of that rate is not reasonably certain, the annual salary rate is the judge's average salary rate during the 12-month period of judicial employment rendered immediately preceding the purchase period.

(c) The equivalent employer contribution and, if applicable, the equivalent employer additional contribution, must be paid by the employing unit, using the employer and employer additional 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.

(d) If the member equivalent contributions provided for in this section are not paid in full, the judge'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 section.

(e) To receive allowable service credit under this section, the contributions specified in this section and section 490.121 must be transmitted to the fund during the period which begins with the date on which the individual returns to judicial employment and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is calculated to be less than one year, the contributions required under this section to receive service credit may be within one year from the discharge date.

(f) The amount of allowable service credit obtainable under this section and section 490.121 may not exceed five years, unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The state court administrator shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be ~~computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in

section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 42. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an amount that is equal to all of the member's employee contributions to the judges' retirement fund plus interest computed under section 352.22, subdivision 2.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors under this chapter.

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest ~~on the total amount previously received at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date on which the refund was received until the date on which the refund is repaid.

Sec. 43. **EFFECTIVE DATE.**

Sections 1 to 42 are effective June 30, 2018.

ARTICLE 7

CONTRIBUTION RATES

Section 1. Minnesota Statutes 2016, section 352.04, subdivision 2, is amended to read:

Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be equal to the following percent of salary:

from July 1, 2010, to June 30, 2014	5
from July 1, 2014, and thereafter to June 30, 2018	5.5
<u>from July 1, 2018, to June 30, 2019</u>	<u>5.75</u>
<u>after June 30, 2019</u>	<u>6</u>

(b) These contributions must be made by deduction from salary as provided in subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 2. Minnesota Statutes 2016, section 352.04, subdivision 3, is amended to read:

Subd. 3. **Employer contributions.** (a) The employer contribution to the fund must be equal to the following percent of salary:

from July 1, 2010, to June 30, 2014	5
from July 1, 2014, and thereafter to June 30, 2018	5.5
<u>from July 1, 2018, to June 30, 2019</u>	<u>5.875</u>

after June 30, 2019 6.25

(b) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 3. Minnesota Statutes 2016, section 352.92, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) Employee contributions of covered correctional employees must be in an amount equal to the following percent of salary:

<u>from July 1, 2010, to June 30, 2014</u>	<u>8.6</u>
<u>from July 1, 2014, and thereafter to June 30, 2018</u>	<u>9.1</u>
<u>after June 30, 2018</u>	<u>9.6</u>

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 4. Minnesota Statutes 2016, section 352.92, subdivision 2, is amended to read:

Subd. 2. **Employer contributions.** (a) The employer shall contribute for covered correctional employees an amount equal to the following percent of salary:

<u>from July 1, 2010, to June 30, 2014</u>	<u>12.1</u>
<u>from July 1, 2014, and thereafter to June 30, 2018</u>	<u>12.85</u>
<u>after June 30, 2018</u>	<u>14.4</u>

(b) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 5. Minnesota Statutes 2016, section 352.92, is amended by adding a subdivision to read:

Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2019, the employer shall pay a supplemental contribution. The supplemental contribution is 1.45 percent of salary for covered correctional employees from July 1, 2019, through June 30, 2020; 2.95 percent of salary for covered correctional employees from July 1, 2020, through June 30, 2021; and 4.45 percent of salary for covered correctional employees thereafter. The supplemental contribution rate of 4.45 percent remains in effect until the market value of the assets of the correctional state employees retirement plan of the Minnesota State Retirement System equals or exceeds the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the actuarial valuation upon which the expiration is based.

(b) The supplemental contribution under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of this subdivision.

Sec. 6. Minnesota Statutes 2016, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. **Member contributions.** (a) The member contribution is the following percentage of the member's salary:

(1) before the first day of the first pay period beginning after July 1, 2014	12.4 percent
(2) on or after the first day of the first pay period beginning after <u>from</u> July 1, 2014, to June 30, 2016	13.4 percent
(3) after June 30, 2016 <u>from July 1, 2016, to June 30, 2018</u>	14.4 percent
<u>from July 1, 2018, to June 30, 2020</u>	14.9
<u>after June 30, 2020</u>	<u>15.4</u>

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 7. Minnesota Statutes 2016, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In addition to member contributions, department heads shall pay a sum equal to the specified percentage of the salary upon which deductions were made, which constitutes the employer contribution to the fund as follows:

(1) before the first day of the first pay period beginning after July 1, 2014	18.6 percent
(2) on or after the first day of the first pay period beginning after <u>from</u> July 1, 2014, to June 30, 2016	20.1 percent
(3) after June 30, 2016 <u>from July 1, 2016, to June 30, 2018</u>	21.6 percent
<u>from July 1, 2018, to June 30, 2019</u>	22.35
<u>after June 30, 2019</u>	<u>23.1</u>

(b) Department contributions must be paid out of money appropriated to departments for this purpose.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

(d) Effective July 1, 2018, department heads shall pay a supplemental employer contribution. The supplemental contribution is 1.75 percent of the salary upon which deductions are made from July 1, 2018, through June 30, 2019; three percent of the salary upon which deductions are made from July 1, 2019, through June 30, 2020; five percent of the salary which deductions are made from July 1, 2020, through June 30, 2021; and seven percent of the salary upon which deductions are made thereafter. The supplemental contribution must be paid starting the first day of the first full pay period after the effective date of this subdivision. The supplemental contribution rate of seven percent remains in effect until the market value of the assets of the State Patrol retirement plan of the Minnesota State Retirement System equals or exceeds the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the

supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the actuarial valuation upon which the expiration is based.

Sec. 8. Minnesota Statutes 2016, 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 3a.

(c) The employer contribution is an amount equal to ~~six percent~~ the following percentage of salary:

<u>from July 1, 2018, through June 30, 2019</u>	<u>6 percent</u>
<u>after June 30, 2019</u>	<u>6.25 percent</u>

(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.

Sec. 9. Minnesota Statutes 2016, section 353.65, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is an amount equal to the following percentage of the total salary of each member, as follows: ~~9.6 percent before calendar year 2014; 10.2 percent in calendar year 2014; and 10.8 percent in calendar year 2015 and thereafter.~~

<u>before January 1, 2019</u>	<u>10.8 percent</u>
<u>from January 1, 2019, through December 31, 2019</u>	<u>11.3 percent</u>
<u>from January 1, 2020, and thereafter</u>	<u>11.8 percent</u>

(b) For members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80 and expressed as a biweekly amount for each member. The employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Firefighters Relief

Association must be deposited in the postretirement health care savings account established under section 352.98.

(c) For members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80 and expressed as a biweekly amount for each member. The employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Police Relief Association must be deposited in the postretirement health care savings account established under section 352.98.

(d) Contributions under this section must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

Sec. 10. Minnesota Statutes 2016, section 353.65, subdivision 3, is amended to read:

Subd. 3. **Employer contribution.** (a) With respect to members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is an amount equal to the following percentage of the total salary of each member, as follows: ~~14.4 percent before calendar year 2014; 15.3 percent in calendar year 2014; and 16.2 percent in calendar year 2015 and thereafter.~~

<u>before January 1, 2019</u>	<u>16.2 percent</u>
<u>from January 1, 2019, through December 31, 2019</u>	<u>16.95 percent</u>
<u>from January 1, 2020, and thereafter</u>	<u>17.7 percent</u>

(b) With respect to members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (b).

(c) With respect to members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (c).

(d) Contributions under this subdivision must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 11. Minnesota Statutes 2016, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the following percentage of the member's salary:

Period	Basic Program	Coordinated Program
from July 1, 2013, until June 30, 2014	10.5 percent	7 percent
after June 30, 2014 <u>from July 1, 2014, through June 30, 2023</u>	11 percent	7.5 percent
<u>after June 30, 2023</u>	<u>11.25 percent</u>	<u>7.75 percent</u>

(b) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(c) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted accordingly.

(d) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 12. Minnesota Statutes 2016, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or who is a basic member.

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
from July 1, 2013, until June 30, 2014	7 percent	11 percent
after June 30, 2014 <u>from July 1, 2014, through June 30, 2018</u>	7.5 percent	11.5 percent
<u>from July 1, 2018, through June 30, 2019</u>	<u>7.71 percent</u>	<u>11.71 percent</u>
<u>from July 1, 2019, through June 30, 2020</u>	<u>7.92 percent</u>	<u>11.92 percent</u>
<u>from July 1, 2020, through June 30, 2021</u>	<u>8.13 percent</u>	<u>12.13 percent</u>
<u>from July 1, 2021, through June 30, 2022</u>	<u>8.34 percent</u>	<u>12.34 percent</u>
<u>from July 1, 2022, through June 30, 2023</u>	<u>8.55 percent</u>	<u>12.55 percent</u>
<u>after June 30, 2023</u>	<u>8.75 percent</u>	<u>12.75 percent</u>

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a, 4b, and 4c, the employer contributions under paragraphs (a), (b), and (c) must be adjusted accordingly.

Sec. 13. Minnesota Statutes 2016, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member of the St. Paul Teachers Retirement Fund Association is the percentage of total salary specified below for the applicable association and program:

Program	Percentage of Total Salary
St. Paul Teachers Retirement Fund Association	
basic program after June 30, 2014	9 percent
basic program after June 30, 2015	9.5 percent
basic program after June 30, 2016	10 percent
<u>basic program after June 30, 2022</u>	<u>10.25 percent</u>
coordinated program after June 30, 2014	6.5 percent
coordinated program after June 30, 2015	7 percent
coordinated program after June 30, 2016	7.5 percent
<u>coordinated program after June 30, 2022</u>	<u>7.75 percent</u>

(b) Contributions must be made by deduction from salary and must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 14. Minnesota Statutes 2016, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to the teachers retirement fund association:

(1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

after June 30, 2014	5.5 percent
after June 30, 2015	6 percent
after June 30, 2016	6.25 percent
after June 30, 2017	6.5 percent
<u>after June 30, 2018</u>	<u>7.335 percent</u>
<u>after June 30, 2019</u>	<u>8.17 percent</u>
<u>after June 30, 2020</u>	<u>8.38 percent</u>
<u>after June 30, 2021</u>	<u>8.59 percent</u>
<u>after June 30, 2022</u>	<u>8.8 percent</u>
<u>after June 30, 2023</u>	<u>9 percent</u>

(2) for ~~any~~ each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount according to the schedule below:

after June 30, 2014	9 percent of salary
--------------------------------	--------------------------------

after June 30, 2015	9.5 percent of salary
after June 30, 2016	9.75 percent of salary
after June 30, 2017	10 percent of salary
<u>after June 30, 2018</u>	<u>10.835 percent of salary</u>
<u>after June 30, 2019</u>	<u>11.67 percent of salary</u>
<u>after June 30, 2020</u>	<u>11.88 percent of salary</u>
<u>after June 30, 2021</u>	<u>12.09 percent of salary</u>
<u>after June 30, 2022</u>	<u>12.3 percent of salary</u>
<u>after June 30, 2023</u>	<u>12.5 percent of salary</u>

(3) for a each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for a each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.84 percent of the coordinated member's salary.

(b) The regular and additional employer contributions must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective June 30, 2018.

ARTICLE 8

DIRECT STATE AID

Section 1. Minnesota Statutes 2016, section 353.65, is amended by adding a subdivision to read:

Subd. 3b. **Direct state aid.** (a) The state shall pay \$4,500,000 on October 1, 2018, and October 1, 2019, to the public employees police and fire retirement plan. By October 1 of each year after 2019, the state shall pay \$9,000,000 to the public employees police and fire retirement plan. The commissioner of management and budget shall pay the aid specified in this subdivision. The amount required is annually appropriated from the general fund to the commissioner of management and budget.

(b) The aid under paragraph (a) continues until the earlier of:

(1) the first day of the fiscal year following the fiscal year in which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

Sec. 2. Minnesota Statutes 2016, section 354.435, subdivision 4, is amended to read:

Subd. 4. **Expiration.** ~~This~~ The aid amounts specified in this section expires effective shall continue until the earlier of:

~~(1) the first day of the fiscal year next following the fiscal year in which the Teachers Retirement Association has no unfunded~~ (1) the first day of the fiscal year following the fiscal year in which the Teachers Retirement Association has no unfunded ~~actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liability~~ actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liability ~~as determined by the~~ as determined by the ~~reported by the actuary retained under section 356.214 in the annual~~ reported by the actuary retained under section 356.214 in the annual ~~actuarial valuation prepared under section 356.215 by the approved actuary retained under section 356.214.; or~~ actuarial valuation prepared under section 356.215 by the approved actuary retained under section 356.214.; or

(2) July 1, 2048.

Sec. 3. Minnesota Statutes 2016, section 354.436, subdivision 3, is amended to read:

Subd. 3. **Aid expiration.** ~~The aid amounts specified in this section terminate and this section expires on the October 1 next following the later of the following dates: (1) when the current assets of the Teachers Retirement Association fund equal or exceed~~ The aid amounts specified in this section terminate and this section expires on the October 1 next following the later of the following dates: (1) when the current assets of the Teachers Retirement Association fund equal or exceed continue until the earlier of:

(1) the first day of the fiscal year following the fiscal year in which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities of the fund as determined in the most recent actuarial valuation report for the Teachers Retirement Association fund reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

~~(2) when the member and employer contribution rates are first determined to be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d~~ (2) when the member and employer contribution rates are first determined to be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d July 1, 2048.

Sec. 4. Minnesota Statutes 2016, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Direct state aid to first class city teachers retirement fund associations.** (a) The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

(b) In addition to other amounts specified in this subdivision, the state shall pay \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

~~(d)~~ (d) The aid under this subdivision is payable October 1 annually. The commissioner of management and budget shall pay the aid specified in this subdivision. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

Sec. 5. Minnesota Statutes 2016, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.**

(a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and ~~all forms of the aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must, paragraphs (a) and (b),~~ continue until the actuarial earlier of:

(1) the first day of the fiscal year following the year in which the actuarial value of assets of the fund equal equals or exceed exceeds 100 percent of the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund reported by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier in the most recent annual actuarial valuation prepared under section 356.215;
or

(2) July 1, 2048.

~~(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.~~

(b) The aid under subdivision 3a, paragraph (c), continues until the earlier of:

(1) the first day of the fiscal year following the fiscal year in which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

Sec. 6. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 60 percent of the amounts derived under this paragraph to the Teachers Retirement 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 must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth Teachers Retirement Fund Association ~~becomes fully funded, the association's~~ satisfies subdivision 5, 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 aid under paragraph (a), 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 under subdivision 1 that is not distributed for any reason to a municipality 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. 7. Minnesota Statutes 2016, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid and additional amortization state aid programs ~~terminate as~~ continue until the earlier of:

(1) the December 31, next following the date of the actuarial valuation when end of the fiscal year in which the actuarial value of assets of the St. Paul Teachers Retirement Fund Association equal or the Teachers Retirement Association equals or exceeds 100 percent of the actuarial accrued liability of that plan or when the assets of the Duluth Teachers Retirement Fund Association equal the actuarial accrued liability of that plan, whichever is later, liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation report prepared under section 356.215; or

(2) July 1, 2048.

Sec. 8. Minnesota Statutes 2016, section 423A.022, subdivision 5, is amended to read:

Subd. 5. **Aid termination.** (a) The aid under subdivision 2, paragraph (a), clauses (1) and (3), ~~ends on~~ continues until the earlier of:

(1) the December 1 next following the actuarial valuation date on end of the fiscal year in which the actuarial value of assets of both the State Patrol retirement plan and the public employees police and fire retirement plan on a market value basis equals or exceeds 90 percent of the total actuarial accrued liabilities of the retirement plan as disclosed in an reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215 and the Standards for Actuarial Work promulgated by the Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan or the public employees police and fire retirement plan, whichever occurs last; or

(2) July 1, 2048.

(b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

Sec. 9. Minnesota Statutes 2016, section 490.123, is amended by adding a subdivision to read:

Subd. 5. **Direct state aid.** (a) The state shall pay \$6,000,000 annually to the judges' retirement fund. The aid is payable each October 1. The commissioner of management and budget shall pay the aid specified in this subdivision. The amount required is annually appropriated from the general fund to the commissioner of management and budget.

(b) The aid under paragraph (a) continues until the earlier of:

(1) the first day of the fiscal year following the fiscal year in which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

Sec. 10. **REPEALER.**

Laws 2008, chapter 349, article 8, section 4, is repealed.

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective June 30, 2018.

ARTICLE 9

MINNESOTA STATE RETIREMENT SYSTEM ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon written application to the executive director on a form prescribed by the executive director, a refund from the general fund of all contributions credited to the member's account with interest computed as provided in section 352.22, subdivision 2.

(b) The refund of contributions as provided in paragraph (a) terminates all rights of a former member of the legislature and the survivors of the former member under this chapter.

(c) If the former member of the legislature again becomes a member of the legislature after having taken a refund as provided in paragraph (a), the member is a member of the unclassified employees retirement program of the Minnesota State Retirement System.

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date on which the refund was taken to the date on which the refund is repaid. Repayment must be made as provided in section 352.23, paragraph (d).

(e) No person may be required to apply for or to accept a refund.

Sec. 2. Minnesota Statutes 2016, 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. 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.

(c) The legislators retirement fund may receive transfers of general fund proceeds.

Sec. 3. Minnesota Statutes 2016, section 16A.14, subdivision 2a, is amended to read:

Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

(1) appropriations for the courts or the legislature;

(2) payment of unemployment benefits; and

(3) transactions within the defined contribution funds administered by the Minnesota State Retirement System.

Sec. 4. Minnesota Statutes 2016, 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 (6);

(7) employees of the legislature who are appointed without a limit on the duration of their employment;

(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 Commerce Fraud Bureau 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;

(19) employees of the Minnesota Sports Facilities Authority;

(20) employees of the Minnesota Association of Professional Employees;

(21) employees of the Minnesota State Retirement System;

(22) employees of the State Agricultural Society;

(23) employees of the Gillette Children's Hospital Board who were employed in the state unclassified service at the former Gillette Children's Hospital on March 28, 1974; ~~and~~

(24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003; and

(25) employees of the Perpich Center for Arts Education who are covered by the general state employees retirement plan of the Minnesota State Retirement System as of July 1, 2016.

(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.

Sec. 5. Minnesota Statutes 2016, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director, deputy director, and assistant director.** (a) ~~The board shall appoint an executive director, in this chapter called the director, of the system must be appointed by the board~~ on the basis of fitness education, experience in the retirement field, and leadership ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The director must have had at least five years' experience ~~on the administrative staff of a major retirement system~~ in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The salary of the executive director must not exceed the limit for a position listed in section 15A.0815, subdivision 2. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.

Sec. 6. Minnesota Statutes 2016, section 352.03, subdivision 6, is amended to read:

Subd. 6. **Duties and powers of executive director.** The management of the system is vested in the director, who is the executive and administrative head of the system. The director may appoint a deputy director and an assistant director with the approval of the board. The director shall be advisor to the board on matters pertaining to the system and shall also act as the secretary of the board. The director shall:

- (1) attend meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- ~~(4) designate an assistant director with the approval of the board;~~
- ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to carry out the provisions of this chapter;
- ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the functions of the system, and define the duties of its employees and delegate to them any powers or duties, subject to the control of the director and under conditions the director may prescribe. Appointments to exercise delegated power must be by written order and shall be filed with the secretary of state;
- ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary and fix the compensation for those services. The contracts are not subject to competitive bidding under chapter 16C. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director, and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Professional management services may not be contracted for more often than once in six years. Copies of professional management survey reports must be

transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems are qualified to contract with the director;

~~(8)~~ (7) with the advice and consent of the board provide in-service training for the employees of the system;

~~(9)~~ (8) make refunds of accumulated contributions to former state employees and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased state employees or deceased former state employees, as provided in this chapter;

~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees covered by the system and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;

~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the system;

~~(12)~~ (11) certify funds available for investment to the State Board of Investment;

~~(13)~~ (12) with the advice and approval of the board request the State Board of Investment to sell securities when the director determines that funds are needed for the system;

~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial report covering the operation of the system, as required by section 356.20;

~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the Department of Management and Budget; and

~~(16)~~ (15) with the approval of the board, perform other duties required to administer the retirement and other provisions of this chapter and to do its business.

Sec. 7. Minnesota Statutes 2016, 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, or nurse practitioner providing any service specified in this section must be licensed.

(b) An applicant shall provide a detailed report signed by a physician, and at least one additional report signed by a physician, ~~chiropractor,~~ psychologist, ~~or~~ chiropractor, physician assistant, or nurse practitioner with evidence to support an application for total and permanent disability. The reports must include an expert 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) 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 that the employee is not entitled to compensation from the employer.

(f) The medical adviser shall consider the reports of the ~~physicians, physician assistants, psychologists, and chiropractors~~ physician, psychologist, chiropractor, physician assistant, or nurse practitioner 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 and constitutes a total and permanent disability as defined in section 352.01, subdivision 17.

(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.

(h) Upon appeal, the board of directors may extend the disability benefit application deadline in paragraph (g) by an additional 18 months if the terminated employee is determined by the board of directors to have a cognitive impairment that made it unlikely that the terminated employee understood that there was an application deadline or that the terminated employee was able to meet the application deadline.

~~(h)~~ (i) 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.

Sec. 8. Minnesota Statutes 2016, section 352.113, subdivision 14, is amended 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. The executive director may waive the earnings report requirement for any disabled employee who is not required to undergo regular medical or psychological examinations under subdivision 6. 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.

Sec. 9. Minnesota Statutes 2016, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

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

(b) Terminated service credits and rights must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. ~~In that event, the employee may repay~~ and repays all refunds previously taken from the retirement fund with interest as provided in paragraph (d).

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

(d) Payments under this section for repayment of refunds are to be paid with interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date the refund was taken until the date the refund is repaid. ~~They~~ Repayment may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04. Payment may be made in partial payments consistent with section 356.44 during employment or in a lump sum up to six months after termination from service.

Sec. 10. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

Subd. 4. **Reentry into state service.** When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, ~~at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.~~ Repayment must be made as provided in section 352.23, paragraph (d).

Sec. 11. Minnesota Statutes 2016, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352,

are participants in the unclassified program under this chapter ~~unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified program.~~

(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, and the attorney general;

(2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General;

(3) an employee of the State Board of Investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) an unclassified employee of the legislature or a commission or agency of the legislature who is appointed without a limit on the duration of the employment or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota State Retirement System;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the Metropolitan Council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair;

(9) the commissioner, deputy commissioner, and not to exceed nine positions of the Minnesota Office of Higher Education in the unclassified service, as designated by the Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota State Retirement System, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota, the state court administrator and judicial district administrators;

(11) the chief executive officers of correctional facilities operated by the Department of Corrections and of hospitals and nursing homes operated by the Department of Human Services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the Agricultural Utilization Research Institute;

(14) an employee of the State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3;

(15) a judge who has exceeded the service credit limit in section 490.121, subdivision 22;

(16) an employee of Enterprise Minnesota, Inc.;

(17) a person employed by the Minnesota State Colleges and Universities as faculty or in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, who was employed by the former state university or the former community college system before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

(18) a person employed by the Minnesota State Colleges and Universities who was employed in state service before July 1, 1995, who subsequently is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, and who elects coverage by the unclassified program.

Sec. 12. Minnesota Statutes 2016, section 352D.02, subdivision 3, is amended to read:

Subd. 3. **Transfer to general employees retirement plan.** ~~(a) If permitted under paragraph (b), an employee~~ A person in the unclassified program and referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to (18), ~~who is credited with shares in the unclassified program and has credit for allowable service~~ may elect to terminate participation in the unclassified program and be covered by the general state employees retirement plan. ~~(b) An employee specified in paragraph (a) is permitted to terminate participation in the unclassified program and be covered by~~ if the person files an election to transfer to the general state employees retirement plan if the employee with the executive director of the Minnesota State Retirement System as provided in paragraph (b) and the person's current employment or appointment:

(1) ~~was employed~~ began before July 1, 2010, and the person has at least ten years of ~~allowable service covered employment;~~ or

(2) ~~was first employed~~ began after June 30, 2010, and the person has no more than seven years of allowable service in the unclassified program.

The (b) An election to transfer must be in writing, on a form provided by the executive director, and can be made no later than one month following the termination of covered employment, delivered to the executive director:

(1) for persons described in paragraph (a), clause (1), no later than one month following the termination of covered employment; or

(2) for persons described in paragraph (a), clause (2), by the earlier of (i) the end of the month following the termination of employment in a position covered by the unclassified program, and (ii) the last day of the seventh year of allowable service in the unclassified program.

For purposes of this chapter, an employee who does not file an election to transfer with the executive director is deemed to have exercised the option to participate in the unclassified program.

(c) If the transfer election is made, the executive director shall redeem the employee's total shares and credit to the employee's account in the general employees retirement plan the amount of contributions that would have been credited had the employee been covered by the general employees retirement plan during the employee's entire covered employment. The balance of money redeemed and not credited to the employee's account must be transferred to the general employees retirement plan, except that the executive director must determine:

(1) the employee contributions paid to the unclassified program; and

(2) the employee contributions that would have been paid to the general employees retirement plan for the comparable period, if the individual had been covered by that plan.

If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general employees retirement plan coverage or before the effective date of the annuity, whichever is sooner.

(d) An election under paragraph (b) to transfer coverage to the general employees retirement plan is irrevocable during any period of covered employment.

(e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who is credited with employee shares in the unclassified program is not permitted to terminate participation in the unclassified program and be covered by the general employees retirement plan.

Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay regular refunds taken under section 352.22, as provided in section 352.23.

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

(c) ~~Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum~~ Repayment must be made as provided in section 352.23, paragraph (d).

Sec. 14. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an amount that is equal to all of the member's employee contributions to the judges' retirement fund plus interest computed under section 352.22, subdivision 2.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors under this chapter.

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest on the total amount previously received at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the date on which the refund was received until the date on which the refund is repaid. Repayment must be made as provided in section 352.23, paragraph (d).

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective June 30, 2018.

ARTICLE 10

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, 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 annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$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~~ elected 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~~ elected position;

(3) election judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(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, or the St. Paul Teachers Retirement Fund Association, but this exclusion 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, and 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 plan 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, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who 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 at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

(10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(11) ~~except for employees of~~ for the first three years of employment, foreign citizens who are employed by a governmental subdivision, other than Hennepin County or employees of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a one or more work permit permits or under an H-1b visa initially issued or extended for a combined

period of less than three years of employment but upon extension of the ~~employment of the visa beyond the three-year period, the foreign citizen must be reported for membership beginning on the first of the month following the extension if the monthly earnings threshold as provided under subdivision 2a, paragraph (a), is met~~ work visas;

(12) 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;

(13) 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;

(14) 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;

(15) 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;

(16) 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 322 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;

(17) 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;

(18) 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;

(19) employees who are hired after June 30, 2002, solely 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;

(20) 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 up to five years, 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;

(21) independent contractors and the employees of independent contractors;

(22) reemployed annuitants of the association during the course of that reemployment;

(23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof;

(24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan; and

(25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and who elected to be excluded under Laws 2015, chapter 68, article 11, section 5.

(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. 2. Minnesota Statutes 2016, 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 wages or periodic compensation payable to a public employee by the employing governmental subdivision before:

(i) employee retirement deductions that are designated as picked-up contributions under section 356.62;

(ii) any employee-elected deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs that would have otherwise been available as a cash payment to the employee; and

(iii) employee deductions for contributions to a supplemental plan or to a governmental trust established under section 356.24, subdivision 1, clause (7), to save for postretirement health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the contributions 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;

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

(4) ~~for a member who is absent from employment due to~~ compensation paid during an authorized leave of absence, other than an authorized medical leave of absence, as long as the compensation paid during the leave if equivalent to a pay period is not less than the lesser of:

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

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

(5) ~~for a member who is absent from employment by reason of~~ compensation paid during an authorized medical leave of absence, other than a workers' compensation leave, as long as the compensation paid during the leave if specified in advance to be at least a pay period is not less than the lesser of:

(i) the product of one-half of, but no more than equal to, the earnings the member received, on which contributions were reported and allowable service credited and the average hourly base salary rate in effect during the six months of allowable service immediately preceding the medical leave of absence; and or

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

(6) for a public employee who receives performance or merit bonus payment under a written compensation plan, policy, or collective bargaining agreement in addition to regular salary or in lieu of regular salary increases, the compensation paid to the employee for attaining or exceeding performance goals, duties, or measures during a specified period of employment.

(b) Salary does not mean:

(1) fees paid to district court reporters;

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

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

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

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

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

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

(8) employer-paid amounts used by an employee toward the cost of insurance coverage, 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;

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

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

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

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

(iv) the value of any nonmonetary benefits;

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

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

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

(10) 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;

(11) 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;

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

(13) 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; and

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

(c) Amounts, other than those provided under paragraph (a), clause (3), provided to an employee by the employer through a grievance proceeding, a court order, or a legal settlement are salary only if the settlement or court order 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. 3. Minnesota Statutes 2016, section 353.01, subdivision 47, is amended to read:

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the Public Employees Retirement Association by having credit for sufficient allowable service under paragraph (b), (c), or (d), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the Public Employees Retirement Association:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service ~~as defined under subdivision 16 in the general employees retirement plan;~~ and

(2) a public employee who first becomes a member of the association after June 30, 2010, is 100 percent vested when the person has accrued credit for not less than five years of allowable service ~~as defined under subdivision 16 in the general employees retirement plan.~~

(c) For purposes of qualifying for an annuity or benefit as a member of the local government correctional ~~employees~~ service retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service ~~as defined under subdivision 16 in the local government correctional service retirement plan;~~ and

(2) a public employee who first becomes a member of the association after June 30, 2010, is vested at the following percentages when the person has accrued ~~credited~~ credit for allowable service ~~as defined under subdivision 16, in the local government correctional service retirement plan,~~ as follows:

- (i) 50 percent after five years;
- (ii) 60 percent after six years;
- (iii) 70 percent after seven years;
- (iv) 80 percent after eight years;
- (v) 90 percent after nine years; and
- (vi) 100 percent after ten years.

(d) For purposes of qualifying for an annuity or benefit as a member of the public employees police and fire retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service ~~as defined under subdivision 16~~ in the public employees police and fire retirement plan;

(2) a public employee who first becomes a member of the association after June 30, 2010, and before July 1, 2014, is vested at the following percentages when the person has accrued credited allowable service ~~as defined under subdivision 16~~ in the public employees police and fire retirement plan, as follows:

- (i) 50 percent after five years;
- (ii) 60 percent after six years;
- (iii) 70 percent after seven years;
- (iv) 80 percent after eight years;
- (v) 90 percent after nine years; and
- (vi) 100 percent after ten years; and

(3) a public employee who first becomes a member of the association after June 30, 2014, is vested at the following percentages when the person has accrued ~~credited~~ credit for allowable service ~~as defined under subdivision 16~~ in the public employees police and fire retirement plan, as follows:

- (i) 50 percent after ten years;
- (ii) 55 percent after 11 years;
- (iii) 60 percent after 12 years;
- (iv) 65 percent after 13 years;
- (v) 70 percent after 14 years;
- (vi) 75 percent after 15 years;

- (vii) 80 percent after 16 years;
- (viii) 85 percent after 17 years;
- (ix) 90 percent after 18 years;
- (x) 95 percent after 19 years; and
- (xi) 100 percent after 20 or more years.

Sec. 4. Minnesota Statutes 2016, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE FOR PERIODS OF REDUCED SALARY.

(a) A member may purchase ~~additional~~ differential salary credit as described in paragraph (c) for a period specified in ~~this section~~ paragraph (b).

(b) The applicable period is a period during which the member is receiving no or a reduced salary from the employer while the member is:

(1) receiving ~~temporary~~ workers' compensation payments related to the member's service to the public employer;

(2) on an authorized leave of absence, except that if the authorized leave of absence exceeds 12 months, the period of leave for which differential salary credit may be purchased is limited to 12 months; or

(3) on an authorized ~~partial-paid~~ leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision, if certified to the executive director by the governmental subdivision.

(c) ~~The Differential salary amount credit is the difference between the average monthly salary received by the member during the a period of reduced salary under this section specified in paragraph (b) and the average monthly salary of the member, excluding overtime, on which contributions to the applicable plan were would have been made during the period of the last six months of covered employment occurring immediately before the period of reduced salary, applied to based on the member's normal employment period, measured in hours or otherwise, as applicable, and rate of pay.~~

(d) To receive ~~eligible~~ differential salary credit, the member shall pay the plan, by delivering payment to the executive director, an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(e) The employer, by appropriate action of its governing body and documented in its official records, may pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter, prorated for applicable months from the date on which the period of reduced salary specified ~~under this section in paragraph (b)~~ terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed ~~within~~ by the earlier earliest of:

(1) 30 days from ~~from~~ after termination of public service by the employee under section 353.01, subdivision 11a, ~~or;~~

(2) one year after the termination of the period specified in paragraph (b), as further restricted under this section; or

(3) 30 days after the commencement of a disability benefit.

~~(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 months of authorized leave.~~

~~(h) To purchase (g) If the member has purchased 12 months of differential salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service to purchase differential salary credit for a subsequent leave of absence.~~

Sec. 5. Minnesota Statutes 2016, 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) authorize procedures for use of electronic signatures as defined in section 325L.02, paragraph (h), on applications and forms required by the association;~~

~~(7)~~ (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;

~~(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;

~~(9)~~ (8) approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a; and

~~(10)~~ (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. 6. Minnesota Statutes 2016, section 353.29, subdivision 4, is amended to read:

Subd. 4. **Application for annuity.** Application for a retirement annuity or optional annuity may be made by a member or by a person ~~authorized to act~~ acting on behalf of the member, upon proof of authority satisfactory to the executive director. Every application ~~for retirement~~ must be made ~~in writing~~ on a form or in a format prescribed by the executive director and must be substantiated by written proof of the member's age and identity. The notarized signature of a member's spouse on a retirement annuity application acknowledging the member's annuity selection meets the notice requirement to the spouse under section 356.46, subdivision 3. An application for a retirement annuity is not complete until all necessary supporting documents are received by the executive director.

Sec. 7. Minnesota Statutes 2016, section 353.29, subdivision 7, is amended to read:

Subd. 7. ~~Annuities; accrual~~ **Annuity starting date.** (a) ~~Except as to elected public officials specified in paragraph (b),~~ a retirement annuity granted under this chapter begins ~~with~~ on the first day of the first calendar month after the date of termination of public service or up to six months before the first of the month in which a complete application is received by the executive director under subdivision 4, whichever is later. The annuity must be paid in equal monthly installments ~~and does not accrue, unless suspended or reduced under section 353.37.~~ Annuity payments shall not be paid beyond the end of the month in which entitlement to the annuity has terminated.

(b) An annuity granted to an ~~elective~~ elected public official ~~accrues~~ may begin on the day following the expiration of the public office or expiration of the right to hold that office that qualified the elected official for membership under section 353.01, subdivision 2a or 2d, if a complete application is received by the executive director under subdivision 4 within six months of the date of termination of public service. The annuity for the month during which the expiration occurred is prorated accordingly.

(c) An annuity, once granted, must not be increased, decreased, or revoked except under this chapter.

~~(d) An annuity payment may be made retroactive for up to one year prior to that month in which a complete application is received by the executive director under subdivision 4.~~

~~(e)~~ (d) If an annuitant dies before negotiating the check for the month in which death occurs, payment must first be made to the surviving spouse, or if none, then to the designated beneficiary, or if none, lastly to the estate.

Sec. 8. Minnesota Statutes 2016, section 353.30, subdivision 3c, is amended to read:

Subd. 3c. **Effective date of bounce-back annuity.** In the event of the death of the designated optional annuity beneficiary before the retired employee or disabilitant, the restoration of the normal single life annuity under subdivision 3a or 3b will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following ~~one year~~ six months before the date ~~on which a certified copy~~ satisfactory verification of the death

record is received in the office of the public employees retirement association established by the executive director, whichever date is later.

Sec. 9. Minnesota Statutes 2016, section 353.32, subdivision 1, is amended to read:

Subdivision 1. **Before retirement.** If a member or former member ~~who terminated public service~~ dies before ~~retirement or before~~ receiving any retirement annuity and no other payment of any kind is or may become payable to any person, a refund is payable to the designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal representative of the decedent's estate. The refund must be in an amount equal to accumulated deductions, less the sum of any disability or survivor benefits that have been paid by the fund, plus annual compound interest thereon at the rate specified in section 353.34, subdivision 2, ~~and less the sum of any disability or survivor benefits, if any, that may have been paid by the fund~~; provided that a survivor who has a right to benefits under section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 18 years may only be waived under an order of the district court.

Sec. 10. Minnesota Statutes 2016, 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~~, less the sum of any disability benefits that have been paid by the fund, plus 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.

Sec. 11. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund ~~must~~ terminate.

(b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

(c) ~~The~~ If a person forfeits service credits, rights, and benefits under paragraph (a), the person's service credits, rights, and benefits of a former member must not shall be restored until if the person returns to active service and acquires employment covered by the association for at least six months of allowable service credit after taking the last refund and repays the refund or refunds taken and interest all amounts previously received under section 353.34, subdivisions 1 and subdivision 2,

plus interest at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the date each amount was received to the date the amount is repaid. ~~If the person elects to restore service credit in a particular fund from which the person has taken more than one refund, the person must repay all refunds to that fund. All refunds~~ The repayment must be repaid made within six months of the last date of termination day of public service employment. A person may have service credits, rights, and benefits restored under this paragraph only one time.

Sec. 12. Minnesota Statutes 2016, section 353.37, subdivision 1, is amended to read:

Subdivision 1. **Salary maximums.** ~~(a) The annuity of a person otherwise eligible for~~ If a member who is receiving an annuity from ~~the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan~~ must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if the person reenters public service as a nonelective employee of a retirement plan administered by the association is employed by (1) a governmental subdivision employer in a nonelected position not required by law to be covered by a plan administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, or returns to work as an employee of (2) by a labor organization that represents public employees who are association members under this chapter, and the member's salary ~~for the reemployment service~~ exceeds the annual maximum salary defined in paragraph (b), the annuity shall be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annuity amount.

~~(b)~~ (b) The annual maximum salary means the annual maximum earnings allowable ~~for that~~ at the member's age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any effect for the calendar year. If the ~~person~~ member has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary ~~for the person is equal to~~ means the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

~~(b)(c)~~ (c) The provisions of paragraph (a) do not apply to the members of the general employees plan of the Public Employees Retirement Association who were former members of MERF.

Sec. 13. Minnesota Statutes 2016, section 353.64, subdivision 10, is amended to read:

Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. is a member of the public employees police and fire retirement plan under sections 353.63 to 353.68 if the person is:

(1) certified as a paramedic or emergency medical technician by the state under section 144E.28, subdivision 4;

(2) employed ~~full~~ at least half time by Hennepin Healthcare System, Inc. as:

(i) a paramedic ~~or~~;

(ii) an emergency medical technician ~~by Hennepin County;~~ or

(iii) a supervisor or manager of paramedics or emergency medical technicians; and

(3) not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics and emergency medical technicians because the person's position is excluded after that date from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07.

Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary of each ~~full-time paramedic and emergency medical technician it employs~~ covered employee, as required by section 353.65, subdivision 2, shall make the employer contribution for each ~~full-time paramedic and emergency medical technician it employs~~ covered employee, as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 14. Minnesota Statutes 2016, section 353F.02, subdivision 5a, is amended to read:

Subd. 5a. **Privatized former public employer.** "Privatized former public employer" means a medical facility that was ~~formerly~~ included in the definition of governmental subdivision under section 353.01, subdivision 6, on the day before the effective date of privatization that is privatized and whose employees are certified for participation under this chapter.

Sec. 15. Minnesota Statutes 2016, section 353F.025, subdivision 2, is amended to read:

Subd. 2. **Reporting privatizations.** (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate privatization can be approved because a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected, or if paragraph (b) applies, the executive director shall, following acceptance of the actuarial calculations by the board of trustees, forward notice and supporting documentation, including a copy of the actuary's report and findings, to the chair 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.

(b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive director shall recommend to the board of trustees that the privatization be 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 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 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.~~

Sec. 16. Minnesota Statutes 2016, section 353F.04, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do not apply to a privatized former public 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 accrues at least six months of credited service in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

(2) beginning the first of the month in which the privatized former public employee becomes covered again by the general employees retirement plan of the Public Employees Retirement Association;

(3) beginning the first of the month after a privatized former public employee terminates service with the ~~successor entity~~ privatized former public employer; or

(4) if the person begins receipt of a retirement annuity while employed by the employer which assumed operations of or purchased the privatized former public employer.

Sec. 17. Minnesota Statutes 2016, 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 privatized former public 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~~ privatized former public employer following the effective date. The ~~successor~~ privatized former public 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. The privatized former public employee, or an individual authorized to act on behalf of that employee, may apply for an annuity following application procedures under section 353.29, subdivision 4.

Sec. 18. Minnesota Statutes 2016, section 353F.057, is amended to read:

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.

Sec. 19. Minnesota Statutes 2016, 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.

Sec. 20. Minnesota Statutes 2016, section 353F.07, is amended to read:

353F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 353 to the contrary, privatized former public 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~~ privatized former public employer. If a privatized former public 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.

Sec. 21. **[353F.09] APPLICATION TO SALES OF PRIVATIZED FORMER PUBLIC EMPLOYERS.**

A medical facility or other employing unit shall cease to be a privatized former public employer and its employees shall cease to be considered privatized former public employees under this chapter upon the sale of the operations of the medical facility or employing unit to another employer or the sale of the medical facility or employing unit to another employer. The privatized former public employees shall be entitled to benefits accrued under this chapter to the date of the sale, but shall not accrue additional benefits after the date of the sale.

Sec. 22. **REPEALER.**

Minnesota Statutes 2016, section 353.0161, is repealed.

Sec. 23. **EFFECTIVE DATE.**

(a) Sections 1 to 13 and 22 are effective June 30, 2018.

(b) Sections 14 to 21 are effective for privatizations with an effective date of privatization under Minnesota Statutes, section 353F.02, subdivision 3, after June 30, 2018, and for sales of privatized former public employers after June 30, 2018.

ARTICLE 11

**TEACHERS RETIREMENT ASSOCIATION
ADMINISTRATIVE PROVISIONS**

Section 1. Minnesota Statutes 2016, section 354.05, subdivision 2, is amended to read:

Subd. 2. **Teacher.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in:

(i) a public school of the state other than in Independent School District No. 625 or in Independent School District No. 709, or in any;

(ii) a charter school, irrespective of the location of the school, or in any;

(iii) a charitable, penal, or correctional institutions institution of a governmental subdivision;
or

(iv) the Perpich Center for Arts Education, except that any employee of the Perpich Center for Arts Education who was covered by the Minnesota State Retirement System general state employees retirement plan as of July 1, 2018, shall continue to be covered by that plan and not by the Teachers Retirement Association;

(2) a person who is engaged in educational administration in connection with the state public school system, whether the position be a public office or an as employment;

(3) a person who renders service as a charter school director or chief administrative officer; provided, however, that if the charter school director or chief administrative officer is covered by the Public Employees Retirement Association general employees retirement plan on July 1, 2018, the charter school director or chief administrative officer shall continue to be covered by that plan and not by the Teachers Retirement Association;

~~(2)~~ (4) an employee of the Teachers Retirement Association;

~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit where the teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit or, if less than 50 percent of the combined employment salary, the executive director determines all of the combined service is covered by the association; or

~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

~~(2) a person who renders part-time teaching service or who is a customized trainer as defined by the Minnesota State Colleges and Universities system if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year;~~

~~(3) a person exempt from licensure under section 122A.30;~~

~~(4) (2) annuitants of the teachers retirement plan who are employed after retirement by an employing unit that participates in the teachers retirement plan during the course of that reemployment;~~

~~(5) (3) a person who is employed by the University of Minnesota;~~

~~(6) (4) a member or an officer of any general governing or managing board or body of an employing unit that participates in the teachers retirement plan; or~~

~~(7) (5) a person employed by Independent School District No. 625 or Independent School District No. 709 as a teacher as defined in section 354A.011, subdivision 27.~~

Sec. 2. Minnesota Statutes 2016, section 354.05, is amended by adding a subdivision to read:

Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a spouse of a member due to dissolution of the marriage, legal separation, or annulment.

Sec. 3. Minnesota Statutes 2016, section 354.06, subdivision 2, is amended to read:

Subd. 2. **President; executive director.** The board shall annually elect one of its members as president. It shall elect an executive director. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The salary of the executive director must not exceed the limit for a position listed in section 15A.0815, subdivision 2. ~~The salary of the assistant executive director who shall be in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3.~~ The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the association. The cost and expense of administering the provisions of this chapter shall be paid by the association. The board shall appoint an executive director shall be appointed by the board on the basis of fitness education, experience in the retirement field and leadership, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

Sec. 4. Minnesota Statutes 2016, section 354.06, subdivision 2a, is amended to read:

Subd. 2a. **Duties of executive director.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as advisor to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

- (1) attend all meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate, as necessary, a deputy executive director and an assistant executive director in the unclassified service, as defined in section 43A.08, whose salaries shall be set in accordance with section 43A.18, subdivision 3, and two assistant executive directors in the classified service, as defined in section 43A.07, with the approval of the board, and appoint such employees, both permanent and temporary, as are necessary to carry out the provisions of this chapter;
- (5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the director's control and under such conditions as the director may prescribe;
- (6) with the approval of the board, contract and set the compensation for the services of an approved actuary, professional management services, and any other consulting services. These contracts are not subject to the competitive bidding procedure prescribed by chapter 16C. An approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Copies of professional management survey reports must be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems are qualified to contract with the executive director;
- (7) with the approval of the board, provide in-service training for the employees of the association;
- (8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased members or deceased former members, under this chapter;
- (9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, under this chapter;

(10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;

(11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;

(12) certify funds available for investment to the State Board of Investment;

(13) with the advice and approval of the board, request the State Board of Investment to sell securities on determining that funds are needed for the purposes of the association;

(14) prepare and submit biennial and annual budgets to the board and with the approval of the board submit those budgets to the Department of Management and Budget; and

(15) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business. The executive director may:

(i) reduce all or part of the accrued interest and fines payable by an employing unit for reporting requirements under ~~section 354.52~~ this chapter, based on an evaluation of any extenuating circumstances of the employing unit;

(ii) assign association employees to conduct field audits of an employing unit to ensure compliance with the provisions of this chapter; and

(iii) recover overpayments, if not repaid to the association, by suspending or reducing the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional annuity under this chapter until the overpayment, plus interest, has been recovered.

Sec. 5. Minnesota Statutes 2016, section 354.095, is amended to read:

354.095 MEDICAL LEAVE.

(a) Upon granting a medical leave, an employing unit must certify the leave to the association on a form specified by the executive director. A member of the association who is on an authorized medical leave of absence is entitled to receive allowable service credit, not to exceed ~~one year~~ five years, for the period of leave, upon making the prescribed payment to the fund under section 354.72. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time.

(b) The executive director shall reject an application for disability benefits under section 354.48 if the member is applying only because an employer-sponsored provider of private disability insurance benefits requires the application and the member would not have applied for disability benefits in the absence of the requirement. The member shall submit a copy of the disability insurance policy that requires an application for disability benefits from the plan if the member wishes to assert that the application is only being submitted because of the disability insurance policy requirement.

(c) Notwithstanding the provisions of any agreement to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the medical leave.

Sec. 6. Minnesota Statutes 2016, section 354.44, subdivision 3, is amended to read:

Subd. 3. **Application for retirement.** A member or a person authorized to act on behalf of the member may make application for retirement provided the age and service requirements under subdivision 1 are satisfied on or before the member's retirement annuity accrual date under subdivision 4. The application may be made no earlier than ~~120~~ 180 days before the termination of teaching service. The application must be made on a form prescribed by the executive director and is not complete until all necessary supporting documents are received by the executive director.

Sec. 7. Minnesota Statutes 2016, section 354.44, subdivision 9, is amended to read:

Subd. 9. **Determining applicable law.** A former teacher who returns to covered service following a termination and who is not receiving a retirement annuity under this section must have earned at least ~~85 days~~ one-half year of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to that termination.

Sec. 8. Minnesota Statutes 2016, section 354.45, is amended by adding a subdivision to read:

Subd. 3. **Payment upon death of former spouse.** Upon the death of the former spouse to whom payments are to be made before the end of the specified payment period, payments shall be made according to the terms of a beneficiary form completed by the former spouse or, if no beneficiary form, to the estate of the former spouse or as otherwise ordered by a court of competent jurisdiction.

Sec. 9. Minnesota Statutes 2016, section 354.46, subdivision 6, is amended to read:

Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits under this section must be in writing on a form prescribed by the executive director.

(b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable under this section.

(c) Unless otherwise specified, the annuity must be computed under section 354.44, subdivision 2 or 6, whichever is applicable.

(d) Each designated beneficiary eligible for a lifetime benefit under this subdivision may apply for an annuity any time after the member's death. The benefit may not begin to accrue more than six months before the date the application is filed with the executive director and may not accrue before the member's death.

Sec. 10. Minnesota Statutes 2016, section 354.48, subdivision 1, is amended to read:

Subdivision 1. **Age, service and salary requirements.** A member who is totally and permanently disabled, who has not reached the normal retirement age as defined in section 354.05, subdivision 38, and who has at least three years of credited allowable service at the time that the total and permanent disability begins is entitled to a disability benefit based on this allowable service in an amount provided in subdivision 3. If the disabled member's teaching service has terminated at any

time, at least two of the required three years of allowable service must have been rendered after last becoming a member. ~~Any member whose average salary is less than \$75 per month is not entitled to disability benefits.~~

Sec. 11. Minnesota Statutes 2016, section 354.512, is amended to read:

354.512 RECOVERY OF DEFICIENCIES.

In addition to any other remedies permitted under law, if an employing unit or other entity required by law to make any form of payment to the Teachers Retirement Association fails to make full payment ~~within 60 days of notification~~, the executive director is authorized to certify the amount of deficiency to the commissioner of management and budget, who shall deduct the amount from any state aid or appropriation applicable to the employing unit or entity, and transmit the withheld aid or appropriation to the executive director for deposit in the fund.

Sec. 12. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts due to the association and furnish a statement indicating the amount due and transmitted with any other information required by the executive director. If an amount due is not received by the association within 14 calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually from the due date until the amount is received by the association. All amounts due and other employer obligations not remitted ~~within 60 days of notification by the association must~~ may be certified to the commissioner of management and budget who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 13. Minnesota Statutes 2016, section 354.52, subdivision 4d, is amended to read:

Subd. 4d. **Annual base salary reporting.** An employing unit must provide ~~the following annual base salary data, as defined in section 354.05, subdivision 41, to the association on or before June 30 of each fiscal year: (1) annual base salary, as defined in section 354.05, subdivision 41; and~~
~~(2) beginning and ending dates for the regular school work year.~~

Sec. 14. Minnesota Statutes 2016, section 354.66, subdivision 2, is amended to read:

Subd. 2. **Qualified part-time teacher program participation requirements.** (a) A teacher in a Minnesota public elementary school, a Minnesota secondary school, or the Minnesota State Colleges and Universities system who has three years or more of allowable service in the association or three years or more of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, or the Minnesota State Colleges and Universities system, by agreement with the board of the employing district or with the authorized representative of the board, may be assigned to teaching service in a part-time teaching position under subdivision 3. The agreement must be executed before October 1 of the school year for which the teacher ~~requests to make retirement contributions under subdivision 4~~ has been assigned to teaching service in a part-time teaching position under this section. A copy of the executed agreement must be filed with the executive director of the association. If the copy of the executed agreement is filed with the association after October 1 of the school year for which the teacher ~~requests to make retirement contributions under subdivision 4~~ has been assigned to teaching service in a part-time teaching position, the

employing unit shall pay the fine specified in section 354.52, subdivision 6, for each calendar day that elapsed since the October 1 due date, unless the association waives the fine. The association may not accept an executed agreement that is received by the association more than 15 months late. ~~The association may not waive the fine required by this section.~~

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the association by March 1.

Sec. 15. Minnesota Statutes 2016, section 354.72, subdivision 1, is amended to read:

Subdivision 1. **Application.** This section applies to any strike period under section 354.05, subdivision 13, clause (6), and to any period of authorized leave of absence ~~without pay~~ under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains credit for allowable service by making payment as specified in this section to the Teachers Retirement Association fund. Each year of an extended leave of absence under section 354.094 is considered to be a separate leave for purposes of this section.

Sec. 16. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 60 percent of the amounts derived under this paragraph to the Teachers Retirement 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 must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association ~~or the Duluth Teachers Retirement Fund Association~~ becomes fully funded, 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 aid under paragraph (a), 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 under subdivision 1 that is not distributed for any reason to a municipality 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. 17. **EFFECTIVE DATE.**

Sections 1 to 16 are effective June 30, 2018.

ARTICLE 12**ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
ADMINISTRATIVE PROVISIONS**

Section 1. Minnesota Statutes 2016, section 354A.093, subdivision 4, is amended to read:

Subd. 4. **Eligible payment period.** (a) To receive service credit under this section, the contributions specified in this section must be transmitted to the ~~applicable first class city~~ St. Paul Teachers Retirement Fund Association during the period which begins with the date the individual returns to teaching service and which has a duration of three times the length of the uniformed service period, but not to exceed five years.

(b) Notwithstanding paragraph (a), if the payment period determined under paragraph (a) is less than one year, the contributions required under this section to receive service credit may be made within one year from the discharge date.

Sec. 2. Minnesota Statutes 2016, section 354A.31, subdivision 5, is amended to read:

Subd. 5. **Unreduced normal retirement annuity.** Upon retirement at normal retirement age, a vested coordinated member is entitled to a normal retirement annuity calculated under subdivision 4 ~~or 4a, whichever applies.~~

Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 6, is amended to read:

Subd. 6. **Reduced retirement annuity.** This subdivision applies only to a person who first became a coordinated member 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 using the retirement annuity formula percentage in subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (e),~~ in conjunction with this subdivision than when calculated under subdivision 4, paragraph (d), ~~or subdivision 4a, paragraph (d),~~ in conjunction with subdivision 7.

(a) Upon retirement at an age before normal retirement age or prior to age 62 with at least 30 years of service credit, a vested coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (e),~~ reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated 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 retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (e),~~ without any reduction by reason of early retirement.

Sec. 4. Minnesota Statutes 2016, section 354A.36, subdivision 4, is amended to read:

Subd. 4. **Determination of disability.** (a) The board of the teachers retirement fund association shall make the final determination of the existence of a permanent and total disability. The board

shall have the coordinated member examined by at least two licensed physicians, licensed chiropractors, or licensed psychologists who are selected by the board. After making any required examinations, each physician, chiropractor, or psychologist with respect to a mental impairment, shall make a written report to the board concerning the coordinated member, which shall include a statement of the expert opinion of the physician, chiropractor, or psychologist as to whether or not the member is permanently and totally disabled within the meaning of section 354A.011, subdivision 14. The board shall also obtain a written statement from the employer as to whether or not the coordinated member was terminated or separated from active employment due to a disability which is deemed by the employer to reasonably prevent further service by the member to the employer and which caused the coordinated member not to be entitled to further compensation from the employer for services rendered by the member. If, after consideration of the reports of the physicians, chiropractors, or psychologists with respect to a mental impairment, and any evidence presented by the member or by any other interested parties, the board determines that the coordinated member is totally and permanently disabled within the meaning of section 354A.011, subdivision 14, it shall grant the coordinated member a disability benefit. A member who is placed on a leave of absence without compensation as a result of the disability is not barred from receiving a disability benefit under this section.

(b) The executive director shall reject an application for disability benefits under section 354A.36 if the member is applying only because an employer-sponsored provider of private disability insurance benefits requires the application and the member would not have applied for disability benefits in the absence of the requirement. The member shall submit a copy of the disability insurance policy that requires an application for disability benefits from the plan if the member wishes to assert that the application is only being submitted because of the disability insurance policy requirement.

Sec. 5. Minnesota Statutes 2016, section 354A.38, is amended to read:

354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.

Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated member or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant to section 354A.37, all allowable service which was credited to the member or former member shall be terminated.

Subd. 2. **Repayment of refund.** A coordinated member with at least two years of allowable service credited subsequent to the member's last application for and ~~acceptance~~ payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The amount of the refund repayment shall be calculated pursuant to subdivision 3. If the member has ~~previously applied for and accepted~~ taken more than one refund, and the previous refund or all refunds have not been must be repaid; ~~then the member shall be entitled only to repay all outstanding refunds and shall not be entitled to repay only the most recent refund~~ pro rata.

Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal to refunds the member has ~~accepted~~ been issued plus interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the date that the refund was ~~accepted~~ issued to the date that the refund is repaid.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective June 30, 2018.

ARTICLE 13

**RETIREMENT SYSTEMS, GENERALLY
ADMINISTRATIVE PROVISIONS**

Section 1. Minnesota Statutes 2016, section 356.32, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply 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 general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(5) the public employees police and fire plan of the Public Employees Retirement Association, established under chapter 353;

(6) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(7) the Teachers Retirement Association, established under chapter 354; and

~~(7)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter 354A.

Sec. 2. Minnesota Statutes 2016, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period ends relating to the reemployment that gave rise to the limitation, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus annual compound interest. For the general state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June 30, 2011.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

(d) If the amount under subdivision 2 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5, the applicable retirement plan shall provide notice and an election:

(1) to the member regarding the member's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of the a direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.; or

(2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee as defined in section 356.635, subdivision 7, to the distributee regarding the distributee's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of a direct payment.

Sec. 3. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 9a. **Definitions.** (a) The following definitions apply for purposes of this subdivision and subdivisions 10 to 12.

(b) "Annual addition" means the sum for the limitation year of all pretax and after-tax contributions made by the member or the member's employer and credited to an account in the name of the member in any defined contribution plan maintained by the employer.

(c) "Compensation" means the compensation actually paid or made available to a member for any limitation year, including all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in section 356.611, subdivision 2.

(d) "Limitation year" means the calendar year or fiscal year, whichever is applicable to the particular pension plan.

(e) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending after December 31, 2001, payable in the form of a single life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit amount shall be further adjusted as follows:

(1) if the member has less than ten years of participation, the maximum permissible benefit shall be multiplied by a fraction, the numerator of which is the number of years, or part thereof, but not less than one year, of participation in the plan, and the denominator of which is ten;

(2) if the annual benefit begins before the member has attained age 62, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 62; and

(3) if the annual benefit begins after the member has attained age 65, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 65.

Sec. 4. Minnesota Statutes 2016, section 356.635, subdivision 10, is amended to read:

Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit payable to a member shall not exceed the maximum permissible benefit. If the benefit the member would otherwise receive for a limitation year would result in the payment of an annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced to the extent necessary so the benefit does not exceed the maximum permissible benefit.

(b) For purposes of applying the ~~limits of section 415(b) of the Internal Revenue Code, a retirement limitation in paragraph (a), an annual benefit that is payable in any form other than a single life annuity and that is subject to section 417(e)(3) of the Internal Revenue Code must~~ shall be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the single life annuity commencing at the same annuity starting date that has the same actuarial present value as the ~~participant's~~ member's form of benefit, using whichever of the following produces the greatest annual amount:

(1) the interest rate and the mortality table or other tabular factor specified in the plan for adjusting benefits in the same form;

(2) a 5.5 percent interest rate assumption and the applicable mortality table; or

(3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and the applicable mortality table, divided by 1.05.

(c) If a member participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately to satisfy the limitation in paragraph (a).

Sec. 5. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 11. **Annual addition limitation; defined contribution plans.** The annual additions by or on behalf of a member to a defined contribution plan for any limitation year shall not exceed the lesser of (1) 100 percent of the member's compensation for the limitation year or (2) the dollar limit

in effect for the limitation year under section 415(c)(1)(A) of the Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d)(1)(C) of the Internal Revenue Code.

Sec. 6. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c) of the Internal Revenue Code and related regulations and agency guidance not addressed by subdivisions 10 and 11 shall be considered incorporated by reference, including provisions applicable to qualified police and firefighters and to survivor and disability benefits. Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the requirements of section 415(b) and (c) of the Internal Revenue Code and the related regulations.

Sec. 7. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 13. **Correction of errors.** The executive director of each plan may correct an operational, demographic, employer eligibility, or plan document error as the executive director deems necessary or appropriate to preserve and protect the plan's tax qualification under section 401(a) of the Internal Revenue Code, including as provided in the Internal Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any successor thereto. To the extent deemed necessary by the executive director to implement correction, the executive director may:

- (1) make distributions;
- (2) transfer assets; or
- (3) recover an overpayment by reducing future benefit payments or designating appropriate revenue or source of funding that will restore to the plan the amount of the overpayment.

Sec. 8. Minnesota Statutes 2016, section 356.96, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the terms in ~~paragraphs (b) to (e)~~ this subdivision have the meanings given them.

(b) ~~"Chief administrative officer"~~ "Executive director" means the executive director of a covered pension plan or the executive director's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2, clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation plan administered under sections 352.965 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a

participant or who is or may be a survivor of a participant, or the representative of a state agency or other governmental unit that employs active participants in a covered pension plan.

(f) "Petitioner" means a person who has filed a petition for review of an executive director's determination under this section.

Sec. 9. Minnesota Statutes 2016, section 356.96, subdivision 2, is amended to read:

Subd. 2. **Right to review appeal to executive director; determination.** ~~A determination made by the chief administrative officer~~ person may appeal a decision by the staff of a covered pension plan regarding a the person's eligibility, benefits, or other rights under the plan with which the person does not agree to the executive director of the plan. The appeal must be in writing and be delivered to the executive director no later than 60 days after the date of the written notice of the staff decision. The executive director may overturn, modify, or affirm the staff's decision. The executive director's determination is subject to review under this section.

Sec. 10. Minnesota Statutes 2016, section 356.96, subdivision 3, is amended to read:

Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer denies an application or a written request, modifies a benefit, or terminates a benefit of a person claiming a right or potential rights under a covered pension plan, the chief administrative officer shall notify that person through a written notice containing:~~ The executive director shall issue a written notice of determination to the person who files an appeal under subdivision 2. The notice of determination must be delivered by certified mail to the address to which the most recent benefit payment was sent or, if that address is that of a financial institution, to the last known address of the person. The notice of determination shall include the following:

(1) a statement of the reasons for the determination;

(2) a ~~notice~~ statement that the person may petition the governing board of the covered pension plan for a review of the determination and that a person's petition for review must be filed in the administrative office of the covered pension plan ~~within~~ no later than 60 days of the receipt after the date of the written notice of the determination;

(3) a statement indicating that a failure to petition for review within 60 days precludes the person from ~~contesting in any other further administrative or judicial review or court procedure the issues determined by the chief administrative officer~~ of the executive director's determination;

(4) a statement indicating that all relevant materials, documents, affidavits, and other records that the person wishes to be reviewed in support of the petition and a list of any witnesses who will testify before the governing board, along with a summary of the witness' testimony, must be filed with and received in the administrative office of the covered pension plan at least 15 days before the date of the hearing under subdivision 10 or as directed by the administrative law judge who conducts a fact-finding conference under subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph (b); and

(5) a summary of this section, including all filing requirements and deadlines; and

(6) the statement required under subdivision 4, paragraph (a), if applicable.

Sec. 11. Minnesota Statutes 2016, section 356.96, subdivision 4, is amended to read:

Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to~~ the executive director's determination will terminate a benefit that is being paid to a person, ~~before terminating the benefit, the chief administrative officer must, in addition to the other procedures prescribed in this section, provide the individual with written notice of the pending benefit termination by certified mail. The notice must explain the reason for the pending benefit termination. The person must be given an the notice of determination must also state that the person has the opportunity to explain, in writing, in person, by telephone, or by e-mail, the reasons that the benefit should not be terminated.~~

(b) ~~If the chief administrative officer is unable to contact the person and notice of determination is returned as undeliverable and the person cannot be reached by any other reasonable means of communication and the executive director determines that a failure to terminate the benefit will result in unauthorized payment by a covered pension plan, the chief administrative officer executive director may terminate the benefit immediately upon mailing a written notice containing the information required by subdivision 3 to the address to which the most recent benefit payment was sent and, if that address is that of a financial institution, to the last known address of the person.~~

Sec. 12. Minnesota Statutes 2016, section 356.96, subdivision 5, is amended to read:

Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination required in subdivision 3, a person who claims a right under subdivision 2 may petition the governing board of the covered pension plan for a review of that decision by the governing board of the covered pension plan the executive director's determination.

(b) ~~A petition under this section must be sent to the chief administrative officer by mail and must be postmarked. The petitioner must file the petition for review with the administrative office of the covered pension plan no later than 60 days after the person received date of the notice of determination required by subdivision 3. Filing of the petition is effective upon mailing or personal delivery. The petition must include the person's petitioner's statement of the reason or reasons that the person believes the decision of the chief administrative officer determination of the executive director should be reversed or modified. The petition may include all documentation and written materials that the petitioner deems to be relevant. In developing a record for review by the board when a decision is appealed, the chief administrative officer may direct that the applicant participate in a fact-finding session conducted by an administrative law judge assigned by the Office of Administrative Hearings and, as applicable, participate in a vocational assessment conducted by a qualified rehabilitation counselor on contract with the applicable retirement system.~~

Sec. 13. Minnesota Statutes 2016, section 356.96, subdivision 6, is amended to read:

Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is not filed with the ~~chief administrative officer,~~ office of the covered pension plan's plan, the executive director's determination is final and is not subject to further administrative or judicial review.

Sec. 14. Minnesota Statutes 2016, section 356.96, subdivision 7, is amended to read:

Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a) After receiving a petition, the ~~chief administrative officer executive director~~ must schedule a timely hearing to review of the petition before the governing board of the covered pension plan or the executive

director may defer the scheduling of a hearing until after a fact-finding conference under paragraph (b). The review must be scheduled to take into consideration any necessary accommodations to allow the petitioner to participate in the governing board's review.

(b) The executive director may direct the petitioner to participate in a fact-finding conference conducted by an administrative law judge assigned by the Office of Administrative Hearings. The fact-finding conference is an informal proceeding not subject to Minnesota Rules, chapter 1400, except that Minnesota Rules, part 1400.7300, shall govern the admissibility of evidence and Minnesota Rules, part 1400.8603, shall govern how the fact-finding conference is conducted. The administrative law judge must issue a report and a recommendation to the governing board.

(c) If the petitioner's claim relates to disability benefits, the executive director may direct the petitioner to participate in a vocational assessment conducted by a qualified rehabilitation counselor under contract with the covered pension plan. The counselor must issue a report regarding the assessment to the governing board.

~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing date before the governing board, the chief administrative officer executive director must provide by mail to notify the petitioner an acknowledgment of the receipt of the person's petition and a follow-up notice of the time and place of the meeting at which the governing board is scheduled to consider the petition and conduct the hearing. If there has been no fact-finding conference under paragraph (b), not less than 15 days before the date scheduled for the hearing, the petitioner and the executive director must provide a copy to the governing board and the other party copies of all relevant documents, documentary evidence, summaries, and recommendations assembled by or on behalf of the plan administration to be considered by the governing board that will be presented and a list of witnesses who will testify, along with a summary of their testimony.

~~(e) All documents and materials that the petitioner wishes to be part of the record for review must be filed with the chief administrative officer and must be received in the offices of the covered pension plan at least 15 days before the date of the meeting at which the petition is scheduled to be heard.~~

~~(d) A~~ (e) The petitioner may request a continuance postponement of a the date scheduled for the hearing if the request is received by the chief administrative officer within before the governing board within a reasonable time, but no later than ten calendar days of before the scheduled hearing date of the applicable board meeting. The chief administrative officer must reschedule the review within a reasonable time. Only one continuance may be granted to any petitioner. A petitioner shall be granted only one postponement unless the applicable covered pension plan agrees to additional postponements.

Sec. 15. Minnesota Statutes 2016, section 356.96, subdivision 8, is amended to read:

Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and affidavits in the possession of the covered pension plan of which the covered pension plan desires to avail itself and be considered by the governing board, and all evidence which the petitioner wishes to present to the governing board, including any evidence which would otherwise be classified by law as "private," must be made part of the hearing record.

(b) ~~The chief administrative officer~~ executive director must provide a copy of the record to each member of the governing board at least ~~seven~~ five days before the scheduled hearing date.

~~(c) Any additional document, affidavit, or other relevant information that the petitioner requests be part of the record may be admitted with the consent of the governing board. If a fact-finding conference under subdivision 7, paragraph (b), is not conducted, the record is limited to those materials provided to the petitioner in accordance with subdivision 7, paragraph (d), those filed by the petitioner with the covered pension plan in a timely manner in accordance with subdivision 7, paragraph (e), any vocational assessment report under subdivision 7, paragraph (c), and any testimony at the hearing before the governing board. Any additional evidence may be placed in the record pursuant to subdivision 10, paragraph (b).~~

(d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph (b), is conducted, the record before the governing board must be limited to the following:

(1) the record from the Office of Administrative Hearings;

(2) seven-page submissions by the petitioner and a representative of the covered pension plan commenting on the administrative law judge's recommendation; and

(3) any vocational assessment report under subdivision 7, paragraph (c).

Sec. 16. Minnesota Statutes 2016, section 356.96, subdivision 9, is amended to read:

Subd. 9. **Amended determination.** At any time before the hearing before the governing board, for good cause shown and made part of the records of the plan, the ~~chief administrative officer~~ executive director may reverse, alter, amend, or modify the prior decision which is subject to review under this section by issuing an amended ~~decision~~ determination to the petitioner. Upon doing so, the ~~chief administrative officer~~ executive director may cancel the governing board's scheduled review of the person's petition and ~~shall so~~ notify the petitioner.

Sec. 17. Minnesota Statutes 2016, section 356.96, subdivision 10, is amended to read:

Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing on a petition for review as part of a regularly scheduled board meeting, or as part of a special meeting if so scheduled. All governing board members who participate in the decision-making process must be familiar with the record. The governing board shall make its decision on a petition solely on the record as submitted and on the proceedings of the hearing.

(b) At the hearing, the petitioner, the petitioner's attorney, and the chief administrative officer representative, if any, the executive director, and a representative of the covered pension plan who does not also serve as the governing board's legal advisor during the board's decision-making process may state and discuss with the governing board their positions with respect to the petition. If no fact-finding conference under subdivision 7, paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was conducted, additional evidence may be received in the form of testimony from previously disclosed witnesses. The governing board may allow further documentation to be placed in the record at the board meeting only with the agreement of both the chief

~~administrative officer~~ executive director and the petitioner. The ~~chief administrative officer~~ executive director may not otherwise participate in the board's decision-making process.

~~(b) When a petition presents a contested issue of law, an assistant attorney general may participate and may argue on behalf of the legal position taken by the chief administrative officer if that assistant attorney general does not also serve as the governing board's legal advisor during the board's decision-making process.~~

~~(c) A motion by a board member, supported by a summary of the relevant facts, conclusions and reasons, as properly amended and approved by a majority of the governing board, constitutes the board's final decision. A verbatim statement of the board's final decision must be served upon the petitioner. If the decision is contrary to the petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set forth in subdivision 13.~~

~~(d)~~ (c) If a petitioner who received timely notice of a scheduled hearing fails to appear, the governing board may nevertheless hear the petition and issue a decision.

(d) The governing board's decision shall be made upon a motion by a board member and approval by a majority of the governing board. The governing board must issue its decision as a written order containing findings of fact, conclusions of law, and the board's decision no later than 30 days after the hearing. If the decision is contrary to the petitioner's desired outcome, the notice must inform the petitioner of the appeal rights set forth in subdivision 13.

Sec. 18. Minnesota Statutes 2016, section 356.96, subdivision 11, is amended to read:

Subd. 11. Disability medical issues. ~~(a) If a person petitions the governing board the petitioner seeks to reverse or modify a determination which found by the executive director that there exists no was insufficient medical data supporting to support an application for disability benefits, the governing board may reverse that determination only if there is in fact medical evidence supporting the application. The governing board has the discretion to resubmit a disability benefit application at any time to a medical advisor for reconsideration, and the resubmission may include an instruction that further medical examinations be obtained.~~

~~(b) The governing board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical evidence contrary to the opinion of the medical advisor in the record and the medical advisor attests that the decision was made in accordance with the applicable disability standard, the board must follow the decision of the medical advisor regarding the cause of the disability.~~

~~(c) The obligation of the governing board to follow the decision of the medical advisor under paragraph (b) does not apply to instances when the governing board makes a determination different from the recommendation of the medical advisor on issues that do not involve medical issues.~~

Sec. 19. Minnesota Statutes 2016, section 356.96, subdivision 12, is amended to read:

Subd. 12. Referral for administrative hearing. ~~(a) Notwithstanding any provision of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination of the chief administrative officer of a covered pension plan A fact-finding conference under subdivision 7,~~

paragraph (b), must be conducted exclusively under the procedures set forth in this section and is not as a contested case under chapter 14.

(b) ~~Notwithstanding the provisions of paragraph (a)~~, A governing board, in its sole discretion, may refer a petition brought under this section to the Office of Administrative Hearings for a contested case hearing under sections 14.57 to 14.69.

Sec. 20. Minnesota Statutes 2016, section 356.96, subdivision 13, is amended to read:

Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No later than 60 days of after the date of the mailing of the notice of the governing board's decision, the petitioner may appeal the decision by filing a writ of certiorari with the Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the 60-day period precludes the person from later raising, in any subsequent administrative hearing or court proceeding, those substantive and procedural issues that reasonably should have been raised upon a timely appeal.

Sec. 21. **REPEALER.**

Minnesota Statutes 2016, sections 356.611, subdivisions 3, 3a, 4, and 5; and 356.96, subdivisions 14 and 15, are repealed.

Sec. 22. **EFFECTIVE DATE.**

Sections 1 to 21 are effective June 30, 2018.

ARTICLE 14

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS

Section 1. Minnesota Statutes 2016, section 356A.06, subdivision 7, is amended to read:

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets as specified in this subdivision. The governing board of an expanded list plan may select and appoint investment agencies to act for or on its behalf.

(b) **Securities generally; investment forms.** An expanded list plan is authorized to purchase, sell, lend, and exchange the investment securities authorized under this subdivision, including puts and call options and future contracts 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 specified in this subdivision.

(c) **Government obligations.** An expanded list plan is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; and

(4) a United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

(d) **Investment-grade corporate obligations.** An expanded list plan is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:

(1) the principal and interest are payable in United States dollars; and

(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized to invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories by a nationally recognized rating agency if:

(1) the aggregate value of these obligations does not exceed five percent of the covered pension plan's market value;

(2) the covered pension plan's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the covered pension plan's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

(f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

(i) bankers acceptances and deposit notes if issued by a United States bank that is rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit if issued by a United States bank or savings institution rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies, or if issued by a credit union in an amount within the limit of the insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage securities and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;

(v) repurchase agreements and reverse repurchase agreements if collateralized with letters of credit or securities authorized in this section;

(vi) guaranteed investment contracts if issued by an insurance company or a bank that is rated in the top four quality categories by a nationally recognized rating agency or alternative guaranteed investment contracts if the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts if fully insured by a federal agency; and

(viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), an expanded list plan is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or convertible issues of any corporation organized under the laws of the United States or any of its states, any corporation organized under the laws of the Dominion of Canada or any of its provinces, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government.

An investment in any corporation must not exceed five percent of the total outstanding shares of that corporation, except that an expanded list plan may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed mutual fund. Purchase of shares of exchange-traded or mutual funds shall be consistent with paragraph (b).

(h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to invest funds in:

(i) equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts, through investment in limited partnerships, bank-sponsored collective

funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

(iii) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and

(iv) international securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii), may not exceed 35 percent of the market value of the fund for which the expanded list plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the expanded list plan for investments made under clause (1), item (i), (ii), or (iii);

(iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

(iv) the expanded list plan's participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The expanded list plan may not engage in any activity as a limited partner which creates general liability;

(v) the aggregate value of all unrated obligations and obligations that are not rated among the top four quality categories by a nationally recognized rating agency authorized by paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's market value; and

(vi) for volunteer firefighter relief associations, emerging market equity and international debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the association's special fund market value.

(i) **Supplemental plan investments.** The governing body of an expanded list plan may certify assets to the State Board of Investment for investment under section 11A.17.

(j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the form in which these investments are held, must not exceed 85 percent of the covered plan's market value.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 2. Minnesota Statutes 2016, section 424A.001, subdivision 2, is amended to read:

Subd. 2. **Fire department.** "Fire department" includes a municipal fire department or an independent nonprofit firefighting corporation, and a fire department established as or operated by a joint powers entity under section 471.59.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 3. Minnesota Statutes 2016, section 424A.001, is amended by adding a subdivision to read:

Subd. 2a. **Municipal.** "Municipal" means of a city or township.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 4. Minnesota Statutes 2016, section 424A.001, subdivision 3, is amended to read:

Subd. 3. **Municipality.** "Municipality" means a ~~municipality~~ city or township which has established a fire department with which the relief association is directly associated, ~~or the municipalities~~ a city or township which ~~have~~ has entered into a contract with the independent nonprofit firefighting corporation of which the relief association is ~~a subsidiary~~ directly associated, or a city or township that has entered into a contract with a joint powers entity established under section 471.59 of which the relief association is directly associated.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 5. Minnesota Statutes 2016, section 424A.001, subdivision 10, is amended to read:

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member of the applicable fire department or the independent nonprofit firefighting corporation and is eligible for membership in the applicable relief association and:

(i) is engaged in providing emergency response services or delivering fire education or prevention services as a member of a ~~municipal~~ fire department, a joint powers entity fire department, or an independent nonprofit firefighting corporation;

(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and

(iii) meets any other minimum firefighter and service standards established by the fire department ~~or the independent nonprofit firefighting corporation~~ or specified in the articles of incorporation or bylaws of the relief association.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 6. Minnesota Statutes 2016, section 424A.002, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** A ~~municipal~~ fire department or an independent nonprofit firefighting corporation, with approval by the applicable municipality or municipalities, may establish a new volunteer firefighter relief association or may retain an existing volunteer firefighter relief association. A ~~municipal~~ fire department or an independent nonprofit firefighting corporation may be associated with only one volunteer firefighter relief association at one time.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 7. **[424A.003] CERTIFICATION OF SERVICE CREDIT.**

(a) When a municipal fire department, a joint powers fire department, or an independent nonprofit firefighting corporation is directly associated with the volunteer firefighters relief association, the fire chief shall certify annually by March 31 the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The certification shall be made to an officer of the relief association's board of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in population served by the associated fire department.

(c) The fire chief shall notify each volunteer firefighter rendering active service with the fire department of the amount of service credit rendered by the firefighter for the previous calendar year. The service credit notification and a description of the process and deadlines for the firefighter to challenge the fire chief's determination of service credit must be provided to the firefighter 60 days prior to its certification to the relief association and municipality. If the service credit amount is challenged, the fire chief shall accept and consider any additional pertinent information and shall make a final determination of service credit.

(d) The service credit certification must be expressed as the number of completed months of the previous year during which an active volunteer firefighter rendered at least the minimum level of duties as specified and required by the fire department under the rules, regulations, and policies applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a volunteer firefighter who is a member of the relief association leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the firefighter must be certified as providing service credit for the period of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the volunteer firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and canceled at the end of the calendar year in which the time limit set by federal law occurs.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 8. Minnesota Statutes 2016, section 424A.01, subdivision 1, is amended to read:

Subdivision 1. **Minors.** No volunteer firefighters relief association associated with a municipality, a joint powers entity, or an independent nonprofit firefighting corporation may include as a relief association member a minor serving as a volunteer firefighter.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 9. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to read:

Subd. 4a. **Prohibition on receipt of concurrent service credit.** No firefighter may be credited with service credit in a volunteer firefighters relief association for the same hours of service for which coverage is already provided in a fund operated pursuant to chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to service rendered on or after that date.

Sec. 10. Minnesota Statutes 2016, section 424A.01, subdivision 5, is amended to read:

Subd. 5. **Fire prevention personnel.** (a) ~~If the fire department is a municipal department and the applicable municipality approves, or if the fire department is an independent nonprofit firefighting corporation and the contracting municipality~~ or municipalities approve, the fire department may employ or otherwise utilize the services of persons as volunteer firefighters to perform fire prevention duties and to supervise fire prevention activities.

(b) Personnel serving in fire prevention positions are eligible to be members of the applicable volunteer firefighter relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform fire suppression duties.

(c) Personnel serving in fire prevention positions also are eligible to receive any other benefits under the applicable law or practice for services on the same basis as personnel who are employed to perform fire suppression duties.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 11. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to read:

Subd. 5a. **Volunteer emergency medical personnel.** Volunteer emergency medical personnel are eligible to be members of the applicable volunteer firefighters relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform or supervise fire suppression or fire prevention duties if:

(1) the fire department employs or otherwise uses the services of persons solely as volunteer emergency medical personnel to perform emergency medical response duties or supervise emergency medical response activities;

(2) the bylaws of the relief association authorize the eligibility; and

(3) the eligibility is approved by:

(i) the municipality, if the fire department is a municipal department;

(ii) the joint powers board, if the fire department is a joint powers entity; or

(iii) the contracting municipality or municipalities, if the fire department is an independent nonprofit firefighting corporation.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to service rendered on or after that date.

Sec. 12. Minnesota Statutes 2016, section 424A.01, subdivision 6, is amended to read:

Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision governs the service pension calculation requirements of a firefighter who returns to active service after a break in service and applies to all breaks in service, except that the resumption service requirements of this subdivision do not apply to leaves of absence made available by federal 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 statute, such as the Parental Leave Act, section 181.941; the Leave for Organ Donation 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 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 January 1, 2019.

Sec. 13. Minnesota Statutes 2016, 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 discontinues volunteer firefighter duties with the ~~municipality or the independent nonprofit firefighting corporation, whichever applies,~~ fire department and performs duties within the ~~municipal fire department or corporation~~ on a full-time basis;

(2) the governing body of the ~~municipality or~~ independent nonprofit firefighting corporation, or of the joint powers entity 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 January 1, 2019.

Sec. 14. Minnesota Statutes 2016, section 424A.015, is amended by adding a subdivision to read:

Subd. 7. Combined service pensions. (a) A volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled to a prorated service pension from each relief association if:

(1) the articles of incorporation or bylaws of the relief associations provide;

(2) the applicable requirements of paragraphs (b) and (c) are met; and

(3) the volunteer firefighter otherwise qualifies.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total combined amount of service credit from the two or more relief associations of ten years or more, unless the bylaws of every affected relief association specify less than a ten-year service vesting requirement, in which case, the total amount of required service credit is the longest service vesting requirement of the relief associations. The member must have one year or more of service credit in each relief association. The prorated service pension must be based on:

(1) for defined benefit relief associations, the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate; and

(2) for defined contribution relief associations, the member's individual account balance on the date on which active volunteer firefighting services covered by that relief association terminate.

(c) To receive a prorated service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The second or subsequent relief association secretary must certify the notice.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 15. Minnesota Statutes 2016, section 424A.016, subdivision 2, is amended to read:

Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined contribution service pension to each of its members who:

(1) separates from active service with the fire department;

(2) reaches age 50;

(3) completes at least five years of active service as an active member of the ~~municipal~~ fire department to which the relief association is associated;

(4) completes at least five years of active membership with the relief association before separation from active service; and

(5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire

state aid or municipal contribution towards a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a volunteer under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 16. Minnesota Statutes 2016, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the ~~municipal~~ fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a volunteer firefighter under this chapter and the articles of incorporation and bylaws of the volunteer firefighters relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality ~~or~~ independent nonprofit firefighting corporation, or joint powers entity may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 17. Minnesota Statutes 2016, section 424A.02, subdivision 3a, is amended to read:

Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a defined benefit relief association pays a service pension greater than the maximum service pension associated with the applicable average amount of available financing per active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum service pension amount specified in subdivision 3, paragraph (g), whichever is less, the state auditor shall:

(1) disqualify the municipality or the independent nonprofit firefighting corporation associated with the relief association from receiving fire state aid by making the appropriate notification to the municipality and the commissioner of revenue, with the disqualification applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under sections 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or independent nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 18. Minnesota Statutes 2016, 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 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 trustees.

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

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

(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 on which the member separates from active service and membership and ending on the 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.

(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.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 19. Minnesota Statutes 2016, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) A relief association that is directly associated with a municipal fire department must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association and three trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association which provides a monthly benefit service pension may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three municipal trustees must be one elected municipal official and one elected or appointed municipal official who are designated as municipal representatives by the municipal governing board annually and the chief of the municipal fire department.

(b) A relief association that is a subsidiary of an independent nonprofit firefighting corporation must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association, two trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee must be the fire chief serving with the independent nonprofit firefighting corporation. The bylaws of a relief association may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The two municipal trustees must be elected or appointed municipal officials, selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the municipal trustees must be two officials of the contracting municipality who are designated annually by the governing body of the municipality; or

(2) if two or more municipalities contract with the independent nonprofit corporation, the municipal trustees must be one official from each of the two largest municipalities in population who are designated annually by the governing bodies of the applicable municipalities.

(c) The municipal trustees for a relief association that is directly associated with a fire department operated as or by a joint powers entity must be the fire chief of the fire department and two trustees designated annually by the joint powers board. The municipal trustees for a relief association that is directly associated with a fire department service area township must be the fire chief of the fire department and two trustees designated by the township board.

(d) If a relief association lacks the municipal board members provided for in paragraph (a), (b), or (c) because the fire department is not located in or associated with ~~an organized~~ a municipality; ~~or joint powers entity; or township~~, the municipal board members must be the fire chief of the fire department and two board members appointed from the fire department service area by the board of commissioners of the applicable county.

(e) The term of the appointed municipal board members is one year or until the person's successor is qualified, whichever is later.

(f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights and duties accorded to any other trustee, except the right to be an officer of the relief association board of trustees.

(g) A board must have at least three officers, who are a president, a secretary and a treasurer. These officers must be elected from among the elected trustees by either the full board of trustees or by the relief association membership, as specified in the bylaws. In no event may any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board must be specified in the bylaws of the relief association, but may not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership must be staggered on as equal a basis as is practicable.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 20. Minnesota Statutes 2016, section 424A.07, is amended to read:

424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT OF RELIEF ASSOCIATIONS.

Before paying any service pensions or retirement benefits under section 424A.02 or before becoming entitled to receive any amounts of fire state aid upon transmittal from a contracting municipality under section 69.031, subdivision 5, ~~a an independent~~ nonprofit firefighting corporation shall establish a volunteer firefighters relief association governed by this chapter.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 21. Minnesota Statutes 2016, section 424A.091, subdivision 3, is amended to read:

Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which there exists a firefighters relief association as specified in subdivision 1 which does not comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions of any applicable special law relating to the funding or financing of the association does not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason for the disqualification specified by the state auditor is remedied, whereupon the municipality or relief association, 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.

(b) The state auditor shall determine if a municipality to which a firefighters' relief association is directly associated or a firefighters relief association fails to comply with the provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any applicable special law based upon the information contained in the annual financial report of the firefighters relief association required under section 69.051, the actuarial valuation of the relief association, if applicable, the relief association officers' financial requirements of the relief association and minimum municipal obligation determination documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable municipal or independent nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and any other relevant documents or reports obtained by the state auditor.

(c) The municipality or independent nonprofit firefighting corporation and the associated relief association are not eligible to receive or to retain fire state aid if:

(1) the relief association fails to prepare or to file the financial report or financial statement under section 69.051;

(2) the relief association treasurer is not bonded in the manner and in the amount required by section 69.051, subdivision 2;

(3) the relief association officers fail to determine or improperly determine the accrued liability and the annual accruing liability of the relief association under section 424A.092, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

(4) if applicable, the relief association officers fail to obtain and file a required actuarial valuation or the officers file an actuarial valuation that does not contain the special fund actuarial liability calculated under the entry age normal actuarial cost method, the special fund current assets, the special fund unfunded actuarial accrued liability, the special fund normal cost under the entry age normal actuarial cost method, the amortization requirement for the special fund unfunded actuarial accrued liability by the applicable target date, a summary of the applicable benefit plan, a summary of the membership of the relief association, a summary of the actuarial assumptions used in preparing the valuation, and a signed statement by the actuary attesting to its results and certifying to the qualifications of the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

(5) the municipality failed to provide a municipal contribution, or the independent nonprofit firefighting corporation failed to provide a corporate contribution, in the amount equal to the minimum municipal obligation if the relief association is governed under section 424A.092, or the amount necessary, when added to the fire state aid actually received in the plan year in question, to at least equal in total the calculated annual financial requirements of the special fund of the relief association if the relief association is governed under section 424A.093, and, if the municipal or corporate contribution is deficient, the municipality failed to include the minimum municipal obligation certified under section 424A.092, subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent nonprofit firefighting corporation failed to include the minimum corporate obligation certified under section 424A.094, subdivision 2, in the corporate budget;

(6) the defined benefit relief association did not receive municipal ratification for the most recent plan amendment when municipal ratification was required under section 424A.02, subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

(7) the relief association invested special fund assets in an investment security that is not authorized under section 424A.095;

(8) the relief association had an administrative expense that is not authorized under section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that is not authorized under section 424A.08;

(9) the relief association officers fail to provide a complete and accurate public pension plan investment portfolio and performance disclosure under section 356.219;

(10) the relief association fails to obtain the acknowledgment from a broker of the statement of investment restrictions under section 356A.06, subdivision 8b;

(11) the relief association officers permitted to occur a prohibited transaction under section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction of a prohibited transaction that did occur; or

(12) the relief association pays a defined benefit service pension in an amount that is in excess of the applicable service pension maximum under section 424A.02, subdivision 3.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 22. Minnesota Statutes 2016, section 424A.094, subdivision 3, is amended to read:

Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of the special fund of the subsidiary relief association of the independent nonprofit firefighting corporation shall be governed by the provisions of section 424A.05.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 23. Minnesota Statutes 2016, section 424A.10, subdivision 1, is amended to read:

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

(1) "qualified recipient" means ~~an individual~~ a volunteer firefighter 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 or, if none, the surviving child or children of a deceased active or deferred volunteer firefighter;

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

(i) regularly renders fire suppression service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities for a ~~municipal~~ fire department ~~or an independent nonprofit firefighting corporation, who;~~

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

(iii) 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:

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

(ii) 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; and

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

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 24. Minnesota Statutes 2016, section 424B.20, subdivision 4, is amended to read:

Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighters relief association under subdivision 3, the board of the relief association shall transfer the remaining assets of the special fund, as securities or in cash, as applicable, to the chief financial official of the municipality in which the associated fire department was located if the fire department was a municipal fire department or to the chief financial official of the municipality with the largest population served by the fire department if the fire department was an independent nonprofit firefighting corporation. If the fire department was a joint powers entity, the remaining assets of the special fund shall be transferred to the chief financial official of the municipality designated as the fiscal agent in the joint powers agreement or, if the agreement does not designate a municipality as the fiscal agent, the remaining assets of the special fund shall be transferred to the chief financial official of the municipality with the largest population served by the joint powers fire department. The board shall also compile a schedule of the relief association members to whom a service pension is or will be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or benefit payable based on the applicable bylaws and state law and the service rendered to the date of the dissolution, and the date on which the pension or benefit would first be payable under the bylaws of the relief association and state law.

(b) ~~The municipality in which is located~~ receiving the remaining assets of the special fund of a volunteer firefighters relief association that is dissolving under this section shall establish a separate account in the municipal treasury which must function as a trust fund for members of the volunteer firefighters relief association and their beneficiaries to whom the volunteer firefighters relief association owes a service pension or other benefit under the bylaws of the relief association and state law. Upon proper application, on or after the initial date on which the service pension or benefit is payable, the municipal treasurer shall pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the other records of the dissolved relief association. The trust fund under this section must be invested and managed consistent with chapter 356A and section 424A.095. Upon payment of the last service pension or benefit due and owing, any remaining assets in the trust fund cancel to the general fund of the municipality; or, if the fire department was a joint powers entity, any remaining assets in the trust fund cancel to the general fund of each municipality that was a contracting party to the joint powers agreement as specified in the joint powers agreement. If the joint powers agreement does not specify how the remaining assets are to be distributed among the contracting parties, each of the contracting parties shall receive a pro rata share of the remaining assets based on the proportion of total operating contributions each contracting municipality made to the joint powers entity over the most recent ten calendar years. If the special fund of the volunteer

firefighters relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability. If the fire department was a joint powers entity, the contracting municipalities are liable for their share of the unfunded actuarial accrued liability as specified in the joint powers agreement. If the joint powers agreement does not specify liability for any unfunded actuarial accrued liability, the contracting municipalities are liable for their pro rata share of the unfunded actuarial accrued liability based on the proportion of total operating contributions each contracting municipality made to the joint powers entity over the most recent ten calendar years.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 25. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR FIREFIGHTERS.**

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

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

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

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

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

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

(c) This section expires July 1, 2019.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively from January 1, 2013.

Sec. 26. **FIRE STATE AID WORK GROUP.**

(a) The executive director of the Public Employees Retirement Association shall convene a Fire State Aid Work Group to study and make recommendations to the Legislative Commission on Pensions and Retirement on:

(1) the current requirement that all fire state aid provided to municipalities with firefighters as defined in Minnesota Statutes, section 353G.01, subdivision 15, or 424A.001, subdivision 10, must be used to fund service pensions governed by Minnesota Statutes, chapter 353G or 424A; and

(2) modifying the requirement to allow municipalities to allocate a portion of fire state aid to pay employer contributions on behalf of firefighters covered by the public employees police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

(b) In making recommendations with information provided by Public Employees Retirement Association and Legislative Commission on Pensions and Retirement staff, the work group shall consider:

(1) the history and purpose of fire state aid;

(2) the history, purpose, and utilization of Minnesota Statutes 2012, section 353A.10, subdivision 6, which allowed certain municipalities to allocate a portion of fire state aid to pay public employees police and fire employer contributions;

(3) the impact on current volunteer firefighters, volunteer firefighter recruitment and retention, and municipalities if fire state aid is allocated between service pensions and public employees police and fire employer contributions; and

(4) a presentation by a city of Austin official and a representative from the Austin Parttime Firefighters Relief Association on the city of Austin's current allocation of fire state aid.

(c) Members of the work group shall include:

(1) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(2) two representatives of Minnesota fire chiefs, who are fire chiefs from fire departments with both volunteer firefighters covered by either a volunteer firefighter relief association governed by Minnesota Statutes, chapter 424A, or the voluntary statewide volunteer firefighter retirement plan governed by Minnesota Statutes, chapter 353G, and firefighters covered by the public employees police and fire retirement plan governed by Minnesota Statutes, section 353.64, appointed by the Minnesota State Fire Chiefs Association;

(3) two representatives of Minnesota volunteer firefighters, who are active volunteer firefighters, appointed by the Minnesota State Fire Departments Association;

(4) one representative of the Office of the State Auditor, designated by the state auditor; and

(5) one representative of the Department of Revenue, designated by the commissioner of revenue.

(d) The work group shall elect a chair from among its members.

(e) The work group shall submit a report by December 31, 2018, that contains the work group's recommendations to the chair, vice-chair, and executive director of the Legislative Commission on Pensions and Retirement. The report shall include recommendations regarding:

(1) municipalities allocating a portion of fire state aid to pay employer contributions to the public employees police and fire retirement plan;

(2) implementation of policies if fire state aid is divided, including the determination of:

- (i) the entities that will decide how the fire state aid is allocated;
- (ii) how the allocation will be documented;
- (iii) how the allocation may be amended, if at all;
- (iv) what entity allocates the fire state aid; and
- (v) whether a government agency must monitor and enforce the allocation;
- (3) the scope of allowable allocations of fire state aid; and
- (4) other issues the work group determines are relevant.
- (e) The work group expires the day following the last day of the 2019 legislative session.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 27. EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION SERVICE PENSIONS.

Subdivision 1. Lump-sum service pension maximum. (a) Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 3, paragraph (d), to the contrary, the maximum lump-sum pension amount for each year of service credited that may be provided for in the bylaws of the Eden Prairie volunteer firefighters relief association is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

<u>Minimum Average Amount of Available Financing per Firefighter</u>	<u>Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service</u>
\$...	\$ 10
<u>11</u>	<u>20</u>
<u>16</u>	<u>30</u>
<u>23</u>	<u>40</u>
<u>27</u>	<u>50</u>
<u>32</u>	<u>60</u>
<u>43</u>	<u>80</u>
<u>54</u>	<u>100</u>
<u>65</u>	<u>120</u>
<u>77</u>	<u>140</u>
<u>86</u>	<u>160</u>
<u>97</u>	<u>180</u>
<u>108</u>	<u>200</u>
<u>131</u>	<u>240</u>
<u>151</u>	<u>280</u>
<u>173</u>	<u>320</u>
<u>194</u>	<u>360</u>

<u>216</u>	<u>400</u>
<u>239</u>	<u>440</u>
<u>259</u>	<u>480</u>
<u>281</u>	<u>520</u>
<u>302</u>	<u>560</u>
<u>324</u>	<u>600</u>
<u>347</u>	<u>640</u>
<u>367</u>	<u>680</u>
<u>389</u>	<u>720</u>
<u>410</u>	<u>760</u>
<u>432</u>	<u>800</u>
<u>486</u>	<u>900</u>
<u>540</u>	<u>1000</u>
<u>594</u>	<u>1100</u>
<u>648</u>	<u>1200</u>
<u>702</u>	<u>1300</u>
<u>756</u>	<u>1400</u>
<u>810</u>	<u>1500</u>
<u>864</u>	<u>1600</u>
<u>918</u>	<u>1700</u>
<u>972</u>	<u>1800</u>
<u>1026</u>	<u>1900</u>
<u>1080</u>	<u>2000</u>
<u>1134</u>	<u>2100</u>
<u>1188</u>	<u>2200</u>
<u>1242</u>	<u>2300</u>
<u>1296</u>	<u>2400</u>
<u>1350</u>	<u>2500</u>
<u>1404</u>	<u>2600</u>
<u>1458</u>	<u>2700</u>
<u>1512</u>	<u>2800</u>
<u>1566</u>	<u>2900</u>
<u>1620</u>	<u>3000</u>
<u>1672</u>	<u>3100</u>
<u>1726</u>	<u>3200</u>
<u>1753</u>	<u>3250</u>
<u>1780</u>	<u>3300</u>
<u>1820</u>	<u>3375</u>
<u>1834</u>	<u>3400</u>
<u>1888</u>	<u>3500</u>

<u>1942</u>	<u>3600</u>
<u>1996</u>	<u>3700</u>
<u>2023</u>	<u>3750</u>
<u>2050</u>	<u>3800</u>
<u>2104</u>	<u>3900</u>
<u>2158</u>	<u>4000</u>
<u>2212</u>	<u>4100</u>
<u>2265</u>	<u>4200</u>
<u>2319</u>	<u>4300</u>
<u>2373</u>	<u>4400</u>
<u>2427</u>	<u>4500</u>
<u>2481</u>	<u>4600</u>
<u>2535</u>	<u>4700</u>
<u>2589</u>	<u>4800</u>
<u>2643</u>	<u>4900</u>
<u>2697</u>	<u>5000</u>
<u>2751</u>	<u>5100</u>
<u>2805</u>	<u>5200</u>
<u>2859</u>	<u>5300</u>
<u>2913</u>	<u>5400</u>
<u>2967</u>	<u>5500</u>
<u>3021</u>	<u>5600</u>
<u>3075</u>	<u>5700</u>
<u>3129</u>	<u>5800</u>
<u>3183</u>	<u>5900</u>
<u>3237</u>	<u>6000</u>
<u>3291</u>	<u>6100</u>
<u>3345</u>	<u>6200</u>
<u>3399</u>	<u>6300</u>
<u>3453</u>	<u>6400</u>
<u>3507</u>	<u>6500</u>
<u>3561</u>	<u>6600</u>
<u>3615</u>	<u>6700</u>
<u>3669</u>	<u>6800</u>
<u>3723</u>	<u>6900</u>
<u>3777</u>	<u>7000</u>
<u>3831</u>	<u>7100</u>
<u>3885</u>	<u>7200</u>
<u>3939</u>	<u>7300</u>
<u>3993</u>	<u>7400</u>

<u>4047</u>	<u>7500</u>
<u>4101</u>	<u>7600</u>
<u>4155</u>	<u>7700</u>
<u>4209</u>	<u>7800</u>
<u>4263</u>	<u>7900</u>
<u>4317</u>	<u>8000</u>
<u>4371</u>	<u>8100</u>
<u>4425</u>	<u>8200</u>
<u>4479</u>	<u>8300</u>
<u>4533</u>	<u>8400</u>
<u>4587</u>	<u>8500</u>
<u>4641</u>	<u>8600</u>
<u>4695</u>	<u>8700</u>
<u>4749</u>	<u>8800</u>
<u>4803</u>	<u>8900</u>
<u>4857</u>	<u>9000</u>
<u>4911</u>	<u>9100</u>
<u>4965</u>	<u>9200</u>
<u>5019</u>	<u>9300</u>
<u>5073</u>	<u>9400</u>
<u>5127</u>	<u>9500</u>
<u>5181</u>	<u>9600</u>
<u>5235</u>	<u>9700</u>
<u>5289</u>	<u>9800</u>
<u>5343</u>	<u>9900</u>
<u>5397</u>	<u>10,000</u>
<u>5451</u>	<u>10,100</u>
<u>5505</u>	<u>10,200</u>
<u>5559</u>	<u>10,300</u>
<u>5613</u>	<u>10,400</u>
<u>5667</u>	<u>10,500</u>
<u>5721</u>	<u>10,600</u>
<u>5775</u>	<u>10,700</u>
<u>5729</u>	<u>10,800</u>
<u>5883</u>	<u>10,900</u>
<u>5937</u>	<u>11,000</u>
<u>5991</u>	<u>11,100</u>
<u>6045</u>	<u>11,200</u>
<u>6099</u>	<u>11,300</u>
<u>6153</u>	<u>11,400</u>

<u>6207</u>	<u>11,500</u>
<u>6261</u>	<u>11,600</u>
<u>6315</u>	<u>11,700</u>
<u>6369</u>	<u>11,800</u>
<u>6423</u>	<u>11,900</u>
<u>6477</u>	<u>12,000</u>
<u>6531</u>	<u>12,100</u>
<u>6585</u>	<u>12,200</u>
<u>6639</u>	<u>12,300</u>
<u>6693</u>	<u>12,400</u>
<u>6747</u>	<u>12,500</u>
<u>6801</u>	<u>12,600</u>
<u>6855</u>	<u>12,700</u>
<u>6909</u>	<u>12,800</u>
<u>6963</u>	<u>12,900</u>
<u>7017</u>	<u>13,000</u>
<u>7071</u>	<u>13,100</u>
<u>7125</u>	<u>13,200</u>
<u>7179</u>	<u>13,300</u>
<u>7233</u>	<u>13,400</u>
<u>7287</u>	<u>13,500</u>
<u>7341</u>	<u>13,600</u>
<u>7395</u>	<u>13,700</u>
<u>7449</u>	<u>13,800</u>
<u>7503</u>	<u>13,900</u>
<u>7557</u>	<u>14,000</u>
<u>7611</u>	<u>14,100</u>
<u>7665</u>	<u>14,200</u>
<u>7719</u>	<u>14,300</u>
<u>7773</u>	<u>14,400</u>
<u>7827</u>	<u>14,500</u>
<u>7881</u>	<u>14,600</u>
<u>7935</u>	<u>14,700</u>
<u>7989</u>	<u>14,800</u>
<u>8043</u>	<u>14,900</u>
<u>8097</u>	<u>15,000</u>
<u>Any amount in excess of 8097</u>	<u>15,000</u>

(b) The maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws of the Eden Prairie volunteer firefighters relief association must be set pursuant to Minnesota Statutes, section 424A.02, subdivision 3, paragraph (c).

Subd. 2. **Return to active service.** (a) Notwithstanding any provision of Minnesota Statutes, section 424A.01, subdivision 6, 424A.02, subdivision 2, or any other provision of law, to the contrary, if the bylaws of the Eden Prairie volunteer firefighters relief association so provide, a former firefighter who has received a lump-sum service pension or is receiving a monthly benefit service pension and returns to active relief association membership under Minnesota Statutes, section 424A.01, subdivision 6, paragraph (b), is entitled to receive an un-reduced lump-sum service pension for the resumption service period if the firefighter completes at least three years of active service as an active member of the fire department during the resumption service period and completes at least three years of active membership with the relief association during the resumption service period.

(b) A lump-sum 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 the resumption service. No firefighter may be paid a service pension more than once for the same period of service. Payment of a lump-sum service pension shall have no effect on the firefighter's previous service pension.

EFFECTIVE DATE. This section is effective the day after the Eden Prairie city council and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. CLEARBROOK FIRE DEPARTMENT RELIEF ASSOCIATION; DEADLINE EXTENSION.

Notwithstanding Minnesota Statutes, section 69.051, subdivision 1b, the deadline for reports submitted by the Clearbrook Fire Department Relief Association under Minnesota Statutes, section 69.051, subdivisions 1 and 1a, for 2016 is extended to May 30, 2018. The Clearbrook Fire Department Relief Association does not forfeit its 2017 state aid if 2016 reports are received by the state auditor on or before May 30, 2018.

EFFECTIVE DATE. This section is effective May 27, 2018.

Sec. 29. REPEALER.

Minnesota Statutes 2016, section 424A.02, subdivision 13, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2019.

ARTICLE 15

MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2016, section 352.113, subdivision 2, is amended to read:

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

(b) The application must be in a form and manner prescribed by the executive director.

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

Sec. 2. Minnesota Statutes 2016, section 352.91, subdivision 3f, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) in the state-operated forensic services program or the Minnesota sex offender program if at least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) behavior analyst 3;
- (3) certified occupational therapy assistant 1;
- (4) certified occupational therapy assistant 2;
- (5) chemical dependency counselor senior;
- (6) client advocate;
- (7) clinical program therapist 2;
- (8) clinical program therapist 3;
- (9) clinical program therapist 4;
- (10) customer services specialist principal;
- (11) dental assistant registered;
- (12) group supervisor;
- (13) group supervisor assistant;
- (14) human services support specialist;
- (15) licensed alcohol and drug counselor;
- (16) licensed practical nurse;
- (17) management analyst 3;
- (18) occupational therapist;

- (19) occupational therapist, senior;
- ~~(20)~~ (20) physical therapist;
- ~~(20)~~ (21) psychologist 1;
- ~~(21)~~ (22) psychologist 2;
- ~~(22)~~ (23) psychologist 3;
- ~~(23)~~ (24) recreation program assistant;
- ~~(24)~~ (25) recreation therapist lead;
- ~~(25)~~ (26) recreation therapist senior;
- ~~(26)~~ (27) rehabilitation counselor senior;
- ~~(27)~~ (28) security supervisor;
- ~~(28)~~ (29) skills development specialist;
- ~~(29)~~ (30) social worker senior;
- ~~(30)~~ (31) social worker specialist;
- ~~(31)~~ (32) social worker specialist, senior;
- ~~(32)~~ (33) special education program assistant;
- ~~(33)~~ (34) speech pathology clinician;
- ~~(34)~~ (35) work therapy assistant; and
- ~~(35)~~ (36) work therapy program coordinator.

Sec. 3. Minnesota Statutes 2016, section 352.91, subdivision 3g, is amended to read:

Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates and the determination of this direct contact is certified to the executive director by the commissioner of corrections.

(b) The qualifying employment positions are:

- (1) corrections discipline unit supervisor;
- (2) dental assistant registered;
- (3) dental hygienist;

(4) food service supervisor;

(5) medical assistant, certified;

(6) psychologist 2; and

~~(5)~~ (7) sentencing to service crew leader involved with the inmate community work crew program.

Sec. 4. Minnesota Statutes 2016, section 352.91, is amended by adding a subdivision to read:

Subd. 4c. **Department of Human Services; procedure for coverage change considerations.**

(a) The commissioner of human services shall appoint a standing review committee to review and determine classifications or positions that may be included in legislative requests for correctional state employees retirement plan coverage under subdivision 4a.

(b) The department's human resources director shall convene a meeting of the review committee only at the request of a labor organization or a member of the department's management team.

(c) The review committee must review all requests and the supporting documentation for coverage by the correctional state employees retirement plan and must make a recommendation to the commissioner regarding which classifications or positions meet the statutory requirements for coverage. The review committee must also make a recommendation to the commissioner regarding classifications or positions that no longer meet the statutory requirement for coverage by the correctional state employees retirement plan and removal of the classification or position from the applicable statute.

(d) The department's human resources director must provide a notice of each determination and of the employee's right to appeal the determination. Appeals must be filed with the department's human resources director within 30 days of the date of the notice of determination.

(e) The commissioner of human services shall review appeals of determinations for coverage. The commissioner's determinations are final.

(f) All classifications or positions recommended by the review committee for inclusion in or exclusion from the correctional state employees retirement plan must be forwarded to the commissioner of human services for the preparation of legislation to implement the coverage change and submission. If the commissioner determines that the employment position is appropriate for inclusion in or exclusion from the correctional state employees retirement plan, the commissioner shall submit a written recommendation documenting classifications or positions that should or should not be covered by the correctional state employees retirement plan. The department's human resources director must retain the documentation of each request and the final determination.

Sec. 5. Minnesota Statutes 2016, section 352F.04, subdivision 1, is amended to read:

Subdivision 1. **Enhanced augmentation rates.** ~~(a) The deferred annuity of a terminated hospital employee who attained that status before June 2, 2006, is subject to augmentation under Minnesota Statutes 1994, section 352.72, subdivision 2, except that the rate of augmentation is 5.5 percent~~

~~compounded annually until to be applied each January 1 is the following the year in which the person attains age 55.:~~

<u>January 1, 2019</u>	<u>4.5 percent</u>
<u>January 1, 2020</u>	<u>3.75 percent</u>
<u>January 1, 2021</u>	<u>3.0 percent</u>
<u>January 1, 2022</u>	<u>2.25 percent</u>
<u>January 1, 2023</u>	<u>1.5 percent</u>
<u>January 1, 2024</u>	<u>0.75 percent</u>

After December 31, 2024, the deferred annuity must not be augmented.

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

~~From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually.~~

~~(b) If a terminated hospital employee attained that status on or after June 2, 2006, 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.~~

Sec. 6. Minnesota Statutes 2016, section 352F.04, subdivision 2, is amended to read:

Subd. 2. ~~Exceptions~~ **Exception.** The ~~increased~~ enhanced augmentation rates specified in subdivision 1 do not apply if the terminated hospital employee:

(1) becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, on or before June 30, 2015; or

(2) begins receipt of a retirement annuity under chapter 352 before age 62 while employed by the employer which assumed operations of the medical facility or other public employing unit or purchased the medical facility or other public employing unit.

Sec. 7. Minnesota Statutes 2016, section 352F.04, is amended by adding a subdivision to read:

Subd. 3. **Return to covered employment.** (a) If a terminated hospital employee becomes covered by a retirement plan enumerated in section 356.30, subdivision 3, the employee shall be entitled to whichever of the following annuities produces the highest monthly payment:

(1) the deferred annuity and augmentation to which the employee would have been entitled under subdivision 1 reduced by the dollar amount of any annuity earned under any enumerated retirement plan after the effective date defined in section 352F.02, subdivision 3;

(2) a combined service annuity calculated under section 356.30; or

(3) an annuity calculated under section 352.72 for coverage by more than one retirement system using the augmentation rates in section 352.72, subdivision 2, paragraph (a).

(b) This subdivision applies to any terminated hospital employee who begins to receive a retirement annuity under chapter 352 on or after July 1, 2015.

Sec. 8. Minnesota Statutes 2016, section 356.645, is amended to read:

356.645 INVESTMENT OF VARIOUS DEFINED CONTRIBUTION PLAN ASSETS.

The State Board of Investment shall determine the investments to be made available to plan participants in plans defined in sections 352.965 ~~and~~ 352.98, and 383B.46 and chapters 352D and 353D. Investments made available to plan participants must include at least one or more of the following:

- (1) shares in the Minnesota supplemental investment fund established in section 11A.17;
- (2) savings accounts in federally insured financial institutions;
- (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce;
- (4) investment options from open-end investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;
- (5) investment options from a firm that is a registered investment adviser under the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21; and
- (6) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1).

Sec. 9. Minnesota Statutes 2016, section 383B.47, is amended to read:

383B.47 INVESTMENT OF RETIREMENT MONEY FOR STATE SUPPLEMENTAL FUND SHARES.

~~With the~~ When moneys are deposited to the credit of the supplemental retirement account, the Minnesota State Retirement System shall ~~purchase shares on behalf of Hennepin County in the accounts of the Minnesota supplemental investment fund~~ make available those investments chosen by the State Board of Investment under section 356.645 in the manner as provided in section 383B.48.

Sec. 10. Minnesota Statutes 2016, section 383B.48, is amended to read:

383B.48 BUYING STATE SUPPLEMENTAL INVESTMENT FUND SHARES.

(a) ~~A participant in the Hennepin County supplemental retirement program shall indicate the account of the Minnesota supplemental investment fund investments, from those made available pursuant to section 383B.47, in which the participant wishes~~ participant's salary deductions and county matching contributions attributable to salary deductions are to be invested for such time as allowed by the Minnesota State Retirement System. The Minnesota State Retirement System shall purchase with the salary deductions and county matching funds attributable to the salary deductions

shares in the appropriate ~~account of the Minnesota supplemental investment fund~~ in accordance with the indicated preferences of the participant. ~~However,~~

(b) The county of Hennepin has the authority to determine which ~~accounts of the Minnesota supplemental investment fund~~ investments made available pursuant to section 383B.47 will be available for participant investment. The shares purchased must stand in the name of the county of Hennepin.

(c) A record must be kept by the Minnesota State Retirement System indicating the number of shares in each ~~account of the Minnesota supplemental investment fund~~ purchased with the salary deductions and county matching funds attributable to the salary deductions of each participant. The record must be known as the "participant's share account record." The participant's share account record must show, in addition to the number of shares in the account, any cash balance of salary deductions or county matching funds attributable to those deductions which stand uninvested in shares.

(d) At the option of the county of Hennepin, and subject to any terms and conditions established and communicated in writing by the county to a participant, the participant may designate no more often than once each month that prior salary deductions and county matching contributions attributable to the salary deductions, together with any interest earned, be reinvested in another ~~account of the Minnesota supplemental investment fund~~ made available by the county of Hennepin under this section.

Sec. 11. Minnesota Statutes 2016, section 383B.49, is amended to read:

383B.49 SUPPLEMENTAL RETIREMENT BENEFITS; REDEMPTION OF SHARES.

When requested to do so, in writing, on forms provided by the Minnesota State Retirement System, by a participant, surviving spouse, a guardian of a surviving child or a personal representative, whichever is applicable, the Minnesota State Retirement System shall on behalf of Hennepin County redeem shares in the ~~accounts of the Minnesota supplemental investment fund~~ investments standing in a participant's share account record under the following circumstances and in accordance with the laws and regulations governing the ~~Minnesota supplemental investment fund~~ applicable investment fund:

(1) A participant who is no longer employed by the county of Hennepin is entitled to receive the cash realized on the redemption of the shares to the credit of the participant's share account record of the person. The participant may request the redemption of all or a portion of the shares in the participant's share account record of the person, but may not request more than one redemption in any one calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed the person may request to redeem not less than 20 percent of the shares in any one calendar year and the redemption must be completed in no more than five years. The person may select annual redemption in a single lump sum or in monthly payments. An election is irrevocable except that a participant may request an amendment of the election to redeem all of the person's remaining shares. All requests under this paragraph are subject to application to and approval of the Minnesota State Retirement System upon verification by Hennepin County through the county administrator of the recipient's eligibility to redeem funds.

(2) In the event of the death of a participant leaving a surviving spouse, the surviving spouse is entitled to receive the cash realized on the redemption of all or a portion of the shares in the

participant's share account record of the deceased spouse, but in no event may the spouse request more than one redemption in each calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed, the surviving spouse may request the redemption of not less than 20 percent of the shares in any one calendar year. The surviving spouse may elect annual redemption in a single lump-sum payment or in monthly payments. Redemption must be completed in no more than five years. An election is irrevocable except that the surviving spouse may request an amendment of the election to redeem all of the participant's remaining shares. All requests under this paragraph are subject to application to and approval of the Minnesota State Retirement System upon verification by Hennepin County through the county administrator of the recipient's eligibility to redeem funds. Upon the death of the surviving spouse, any shares remaining in the participant's share account record must be redeemed on behalf of Hennepin County by the Minnesota State Retirement System and the cash realized from the redemption distributed to the estate of the surviving spouse.

(3) In the event of the death of a participant leaving no surviving spouse, but leaving a minor surviving child or minor surviving children, the guardianship estate of the minor child is, or the guardianship estates of the minor children are, entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant. In the event of minor surviving children, the cash realized must be paid in equal shares to the guardianship estates of the minor surviving children.

(4) In the event of the death of a participant leaving no surviving spouse and no minor surviving children, the estate of the deceased participant is entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant.

Sec. 12. Minnesota Statutes 2016, section 383B.50, is amended to read:

383B.50 PROSPECTUS.

The county of Hennepin shall distribute ~~or otherwise make available to each participant a prospectus of the Minnesota supplemental investment fund when received from the fund or other applicable information with respect to the investments authorized pursuant to sections 383B.47 and 383B.48.~~

Sec. 13. ANNUITY ADJUSTMENT.

Under Minnesota Statutes, section 352F.04, subdivision 3, if any terminated hospital employee began to receive a retirement annuity under Minnesota Statutes, chapter 352, as adjusted under Minnesota Statutes, chapter 352F, on or after July 1, 2015, but prior to the effective date of this section, the terminated hospital employee's annuity must be recalculated under Minnesota Statutes, section 352F.04, subdivision 3, and, if the monthly amount as recalculated exceeds the monthly amount being received by the terminated hospital employee, the Minnesota State Retirement System shall:

(1) begin paying the recalculated monthly amount as of the first payment date after the effective date of this section; and

(2) pay the sum of the difference between the amount the terminated hospital employee received each month since commencement of the annuity and the amount the terminated hospital employee

would have received under Minnesota Statutes, section 352F.04, subdivision 3, for that month. The sum of the difference each month shall be paid in a lump sum to the terminated hospital employee along with the first payment of the recalculated amount under clause (1).

Sec. 14. **COVERAGE TRANSFER DATES.**

(a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3g, paragraph (b), clause (4), also covers employment in that position on or after April 18, 2016, for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

(b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3g, paragraph (b), clause (5), is prospective only.

Sec. 15. **EFFECTIVE DATE.**

(a) Sections 1 and 3 to 14 are effective June 30, 2018.

(b) Section 2 is effective on the first day of the first payroll period occurring after June 30, 2018, and applies to prospective service only.

ARTICLE 16

PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2016, 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 annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$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 judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary

position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(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, or the St. Paul Teachers Retirement Fund Association, but this exclusion 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, and 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 plan 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, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who 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 at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

(10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(11) except for employees of Hennepin County or employees of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit or under an H-1b visa initially issued or extended for a combined period of less than three years of employment but upon extension of the employment of the visa beyond the three-year period, the foreign citizen must be reported for membership beginning on the first of the month following the extension if the monthly earnings threshold as provided under subdivision 2a, paragraph (a), is met;

(12) 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;

(13) 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;

(14) 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;

(15) 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;

(16) 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 322 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;

(17) 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;

(18) 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;

(19) employees who are hired after June 30, 2002, solely 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;

(20) 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 up to five years, 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;

(21) independent contractors and the employees of independent contractors;

(22) reemployed annuitants of the association during the course of that reemployment;

(23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof;

(24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan; ~~and~~

(25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and who elected to be excluded under Laws 2015, chapter 68, article 11, section 5-; and

(26) laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees under a collective bargaining agreement and have retirement coverage by the Minnesota Laborers Pension Fund who were either first employed on or after June 1, 2018, or, if first employed before June 1, 2018, who elected to be excluded under section 13.

(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. 2. Minnesota Statutes 2016, section 353.01, subdivision 43, is amended to read:

Subd. 43. **Line of duty death.** "Line of duty death" means:

(1) a death that occurs while performing or as a direct result of performing normal or less frequent duties which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire plan-; or

(2) a death that is determined by the commissioner of public safety to meet the requirements of section 299A.41, subdivision 3.

Sec. 3. Minnesota Statutes 2016, section 353D.07, is amended to read:

353D.07 BENEFITS.

Subdivision 1. **Type of plan; uniformity.** (a) The plan is a defined contribution plan ~~the benefits from which are payable upon termination of service, retirement, disability, or death.~~ The amount of

benefits is determined by the value of accumulated. A participant's benefit is equal to the value of the individual account established for the participant under section 353D.04, taking into account all contributions credited to the account plus a proportionate share of investment income of the fund credited to each individual the account.

(b) In the case of ambulance service personnel, eligibility standards must be uniform among all ambulance service personnel of an ambulance service electing to participate.

Subd. 2. Payment of benefits. ~~Withdrawal of a benefit based on individual participant contributions and employer contributions plus accrued investment income is payable upon the death or termination of a participant but not at the time an individual revokes membership in the defined contribution plan under section 353D.02. An application by or on behalf of the participant must be filed before any payment of benefits may be made.~~ (a) A participant is entitled to receive a distribution of the participant's benefit after termination of service for any reason, disability, or death, or on or after attaining age 65 if still employed by a public employer.

(b) Unless the distribution is required under section 353D.071, no distribution shall be made unless the participant has submitted an application requesting a distribution; a direct rollover; a transfer as permitted under subdivision 3, paragraph (b); or installments as permitted under subdivision 4. If the distribution is an eligible rollover distribution as defined in section 356.635, subdivision 4, the executive director shall provide notice to the participant or beneficiary, as applicable, of the right to elect a direct rollover.

Subd. 3. Form of benefit. ~~A retirement (a) Except as provided in subdivision 4 or 6, distribution of a participant's benefit is payable shall be available in the form of a lump sum equal to the value of a the participant's account at the date of withdrawal. As an alternative to a lump sum distribution, the participant may choose to have the association transfer the total account value distribution.~~

(b) The participant may elect to (1) receive the lump sum directly, (2) have the lump sum distributed in a direct rollover as described in section 356.635, subdivision 3, or (3) have the lump sum transferred for the purchase of an annuity payable at a designated age to an insurance company of the participant's choice that is licensed to do business in the state.

Subd. 4. Disability of participant. ~~If an active a participant becomes permanently and totally disabled as defined in section 353.01, subdivision 19, that the participant may withdraw from the elect distribution of the participant's benefit in a lump sum equal to the value of the participant's account or in equal monthly installments in an amount; designated by the participant in increments of \$100 but not to exceed ten times the joint employer and employee contribution for the month preceding disability. The option must be exercised by filing an application on a form prescribed by the executive director. Payments may begin on as early as the first day of the month following the month in which the disability occurred or on a later date if elected by the participant. Payments end when the participant's disabled status ends or the account balance is exhausted, whichever occurs first.~~

Subd. 5. Death of a participant. ~~If an active a participant dies while employed or before the participant's account is distributed in its entirety, the total value of the account must be paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent. If the distribution~~

is an eligible rollover distribution as defined in section 356.635, subdivision 4, the executive director shall provide an election form and notice of the right to elect a direct rollover.

Subd. 6. **Distributions while employed.** If a participant is employed by a public employer and is at least age 65, the participant may elect a distribution of all or a portion of the participant's account, subject to the application and notice requirements in subdivision 2, paragraph (b). The participant may elect a distribution under this subdivision no more frequently than once each calendar year. The minimum amount of a distribution under this subdivision is \$5,000.

Sec. 4. Minnesota Statutes 2016, section 353G.01, subdivision 9, is amended to read:

Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5); a city or township that has entered into a contract with an independent nonprofit firefighting corporation, or a city or township that has entered into a contract with a joint powers entity established under section 471.59.

Sec. 5. Minnesota Statutes 2016, section 353G.01, is amended by adding a subdivision to read:

Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief association established under chapter 424A to which records, assets, and liabilities related to lump-sum or monthly benefits for active and former firefighters will be transferred from the retirement fund upon satisfaction of the requirements of section 353G.17.

Sec. 6. Minnesota Statutes 2016, section 353G.02, subdivision 6, is amended to read:

Subd. 6. **Initial administrative expenses of the monthly benefit retirement division; allocation of reimbursement.** (a) The administration expenses incurred by the Public Employees Retirement Association in the establishment of the monthly benefit retirement division of the voluntary statewide volunteer firefighter retirement plan, including any computer programming expenses and any actuarial consultant expenses, are payable from the assets of the initial monthly benefit volunteer firefighter relief association that elects to transfer its administration to the voluntary statewide volunteer firefighter retirement plan, following the transfer of assets.

~~(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that transfer plan administration to the voluntary statewide volunteer firefighter retirement plan. The reimbursement charge for each of the nine is three-tenths of one percent of the market value of assets of the volunteer firefighter relief association as of December 31, 2012. The reimbursement amounts, up to the amount of administrative expenses actually incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the fire department associated with the former monthly benefit volunteer firefighter relief association that first transferred plan administration to the volunteer firefighter retirement plan.~~

Sec. 7. Minnesota Statutes 2016, section 353G.03, subdivision 3, is amended to read:

Subd. 3. **Composition.** (a) The advisory board consists of ~~eight~~ ten members.

(b) The advisory board members are:

(1) one representative of Minnesota townships, appointed by the Minnesota Association of Townships;

(2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the Minnesota State Fire Chiefs Association;

(4) two representatives of Minnesota volunteer firefighters, all who are active volunteer firefighters, one of whom is covered by the lump-sum retirement division and one of whom is covered by the monthly benefit retirement division, appointed by the Minnesota State Fire Chiefs Association;

(5) ~~one representative~~ three representatives of Minnesota volunteer firefighters who ~~is~~ are covered by the lump-sum retirement division, appointed by the Minnesota State Fire Departments Association; and

(6) one representative of the Office of the State Auditor, designated by the state auditor.

Sec. 8. Minnesota Statutes 2016, section 353G.08, subdivision 3, is amended to read:

Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement account or of a monthly benefit retirement account of the retirement fund may only be disbursed for:

(1) the administrative expenses of the retirement plan;

(2) the investment expenses of the retirement fund;

(3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;

(4) the survivor benefits payable under section 353G.12; ~~and~~

(5) the disability benefit coverage insurance premiums under section 353G.115; and

(6) a transfer of assets under section 353G.17.

Sec. 9. Minnesota Statutes 2016, section 353G.11, subdivision 1, is amended to read:

Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides the following levels of service pension amounts per full year of good time service credit to be selected at the election of coverage:

(1) a minimum service pension level of \$500 per year;

(2) a maximum service pension level ~~of \$7,500 per year~~ equal to the largest amount permitted under section 424A.02, subdivision 3, paragraph (d), as a maximum lump-sum service pension amount payable for each year of service; and

(3) ~~69~~ service pension levels between the minimum level and the maximum level in \$100 increments.

Sec. 10. [353G.17] TRANSFER AUTHORIZED.

Subdivision 1. **Entity to initiate transfer.** (a) An entity operating a fire department with firefighters who are covered by the retirement plan may initiate the transfer of records, assets, and liabilities related to the firefighters' lump-sum or monthly benefits under the retirement plan to a relief association that, at the time of the transfer, will be associated with the entity. The entity may be a municipality, an independent nonprofit firefighting corporation, or a joint powers entity.

(b) A transfer is initiated by filing with the executive director the following:

(1) a notice of intent to initiate a transfer;

(2) a copy of the resolutions of the entity approving the transfer of records, assets, and liabilities from the retirement plan to a relief association; and

(3) for each firefighter, the firefighter's name, address, telephone number, and e-mail address, if any.

(c) The notice shall inform the executive director of the following:

(1) the transfer effective date, which shall comply with paragraph (d);

(2) the name of the relief association and the municipality, independent nonprofit firefighting corporation, or joint powers entity with which the relief association is associated; and

(3) a summary of the type and level of pension or retirement benefits, including any ancillary benefits, provided by the relief association or, in the case of a new relief association, to be provided, and related terms and conditions.

(d) If the notice of intent to transfer is filed with the executive director before September 1, the transfer takes effect on the next January 1. If the notice of intent to transfer is filed after August 31, the transfer takes effect on the January 1 following the one-year anniversary of the filing of the notice.

Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets, and liabilities from the retirement plan to a relief association may occur, the board of trustees of the relief association shall adopt resolutions as follows:

(1) approving and accepting the transfer of records, assets, and liabilities from the retirement plan; and

(2) amending the bylaws of the relief association as necessary to add the firefighters whose benefits are being transferred from the retirement plan and to provide that each benefit being transferred retains vesting, distribution, and other rights to which the firefighter, for whom the benefit is being transferred, is entitled under the terms of the retirement plan to the date of the transfer.

The board of trustees shall file a copy of the resolutions with the executive director.

(b) The board of trustees of the relief association shall file with the state auditor the following:

(1) a copy of the resolutions required under paragraph (a);

(2) a copy of the bylaws of the relief association and any bylaw amendments;

(3) a copy of the relief association's investment policy;

(4) a statement that a board of trustees has been duly elected and each trustee's name, address, telephone number, and e-mail address, if any;

(5) a copy of the most recent annual financial, investment, and plan administration report filed under section 69.051, unless the due date for the first report has not yet occurred; and

(6) a copy of the documentation indicating that a special fund has been established with a financial institution to receive a transfer of assets from the retirement plan.

(c) Upon receipt of the information and documents required under paragraph (b), the state auditor shall issue to the relief association and the executive director written confirmation of receipt of all required information and documents.

Subd. 3. **Approval by the firefighters.** (a) A transfer under subdivision 1 shall not occur unless the active firefighters whose benefits are to be transferred from the retirement plan to a relief association approve the transfer by a vote of the firefighters conducted by the executive director.

(b) The approval of the firefighters shall be determined by a vote of all active firefighters whose benefits are to be transferred. An affirmative vote of a majority of the firefighters voting shall constitute approval.

(c) The executive director shall provide a voting ballot and the following to each active firefighter:

(1) a summary of the benefits currently provided to the firefighters under the retirement plan;

(2) a copy of the resolutions of the municipality approving the transfer;

(3) a copy of the resolutions of the board of trustees approving the transfer;

(4) a copy of the notice of intent to transfer required under subdivision 1;

(5) a copy of the state auditor's confirmation required under subdivision 2, paragraph (c); and

(6) the instructions and time frame for voting. Firefighters shall be given no less than 30 days in which to vote.

(d) The vote of any firefighter, including whether or not the firefighter voted, shall not be disclosed to any officer or member of the staff of the municipality or to any officer, trustee, or member of the staff of the relief association.

(e) The executive director shall tally the votes and report the results to the relief association and the municipality.

Subd. 4. **Transfer process.** (a) Upon completion of the actions required under subdivisions 1 to 3, the retirement plan shall transfer to the relief association as of the effective date identified in

the notice under subdivision 1, the records, assets, and liabilities related to the former and current firefighters with benefits under the retirement plan, along with any assets in excess of liabilities credited to the lump-sum account or the monthly benefit retirement account attributable to the firefighters and the municipality.

(b) The executive director:

(1) shall transfer the assets in cash;

(2) shall transfer any accounts receivable associated with the lump-sum account or monthly benefit retirement account;

(3) shall settle any accounts payable from the account before the transfer; and

(4) may deduct from the assets to be transferred reasonable costs incurred by the retirement plan to conduct the voting process and complete the transfer.

Subd. 5. Relief association obligations and rights upon transfer from the retirement plan.

(a) Upon transfer of the assets of the lump-sum account or monthly benefit retirement account, the pension liabilities attributable to the benefits for the former and current firefighters shall become the obligation of the special fund of the relief association.

(b) Upon the transfer of the assets of the lump-sum account or monthly benefit retirement account, the board of trustees of the relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the account.

(c) The relief association is the successor in interest with respect to all claims against the retirement plan relating to the transferred lump-sum account or monthly benefit retirement account, except for claims alleging any act or acts by the retirement plan or its fiduciaries that were not done in good faith or that constituted a breach of fiduciary responsibility under chapter 356A.

(d) The value of each volunteer firefighter's benefit in the retirement plan on the day before the asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day after the asset transfer. The relief association shall give credit, with respect to each firefighter whose benefit is being transferred, for all past service, including service credit with the retirement plan and with any predecessor relief association, to the extent credit is given for such service in the records of the retirement plan for that firefighter.

(e) Upon completion of the transfer of records, assets, and liabilities, the executive director shall provide written notice to the state auditor, the commissioner of revenue, and the secretary of state that the transfer is complete.

Subd. 6. Failure to obtain approval, certification, or verification. If the municipality, board of trustees, or firefighters fail to approve the transfer under subdivision 1, 2, or 3 or the requirements of subdivision 2, paragraph (b), are not met, the transfer of records, assets, and liabilities from the retirement plan to the relief association shall not occur.

Sec. 11. Laws 1992, chapter 534, section 10, subdivision 3, is amended to read:

Subd. 3. **Powers.** ~~(a)~~ The hospital district shall have all the powers necessary and convenient to provide for the acquisition, betterment, operation, maintenance, and administration for the hospital, including nursing home, other facilities for the residential occupancy of ambulatory elderly citizens who do not require nursing home or general hospital care and related programs, as the board of directors shall determine to be necessary and expedient. The enumeration of specific powers herein does not restrict the power of the board to take any lawful action which, in the reasonable exercise of its discretion, it deems necessary or convenient for the furtherance of the purpose for which the district exists, whether or not the power to take the action is implied from any of the powers expressly granted. These powers shall include, but not be limited to, the power to:

(1) employ management, administrative, nursing, and other personnel, legal counsel, engineers, architects, accountants, and other qualified persons, who may be paid for their services by monthly salaries, hourly wages, and pension benefits, or by fees as may be agreed on;

(2) cause reports, plans, studies, and recommendations to be prepared;

(3) when acquiring real and personal property as authorized in subdivision 1, contract for the acquisition by option, contract for deed, conditional sales contract, or otherwise;

(4) construct, equip, and furnish necessary buildings and grounds and maintain the same;

(5) adopt bylaws and rules and regulations to govern the operation and administration of any and all hospital, nursing home, and other facilities under its control, and for the admission of persons thereto;

(6) impose and collect charges for all services and facilities provided and made available by it;

(7) borrow money and issue bonds as prescribed in sections 6 to 20;

(8) procure insurance against liability of the district or its officers and employees, or both, for torts committed within the scope of their official duties, whether governmental or proprietary, or for errors and omissions, and against damage to or destruction of any of its facilities, equipment or other property;

(9) subject to subdivision 4, sell or lease any of its facilities or equipment as may be expedient;

(10) cause annual audits to be made of its accounts, books, vouchers, and funds by competent public accountants; this provision shall be construed to be mandatory;

(11) require a corporate surety bond from officers and employees of the district, and in the amount the board shall determine, and authorize payment of the premiums therefor; or

(12) provide loans to students as provided in Minnesota Statutes, section 447.331.

~~(b) If the Swift county or Benson hospital is sold or leased to a private organization, the successor employer shall provide hospital employees who were members of the public employees retirement association immediately before the lease or sale a pension program and benefits comparable to those provided by the public employees retirement association.~~

Sec. 12. **BROOK PARK; LOWERING SERVICE PENSION LEVEL.**

(a) Notwithstanding any law to the contrary, the Public Employees Retirement Association must lower the annual service pension level for the Brook Park lump-sum account benefits payable to its volunteer firefighters under Minnesota Statutes, section 353G.11, subdivision 2, from \$1,200 to \$600, retroactively from January 1, 2016.

(b) The city of Brook Park must annually review the service pension level to determine if the level is appropriate, taking into account the city's need to recruit and retain volunteer firefighters.

Sec. 13. CERTAIN ST. PAUL LABORERS AND ASSOCIATED TRADES PERSONNEL; COVERAGE EXCLUSION ELECTION.

(a) A laborer or an associated trades person who is employed by the city of St. Paul or Independent School District No. 625, St. Paul, before June 1, 2018, and is designated as a temporary employee under a collective bargaining agreement and who has pension coverage by the Minnesota Laborers Pension Fund may elect to be excluded from pension coverage by the general employees retirement plan. The exclusion election under this section must be made in writing on a form prescribed by the executive director and must be filed with the executive director. The exclusion election is irrevocable.

(b) Authority to make the coverage exclusion under this section expires June 1, 2019.

Sec. 14. EFFECTIVE DATE.

(a) Sections 2 to 11 and 12, paragraph (a), are effective June 30, 2018.

(b) Sections 1 and 13 are effective May 30, 2018.

(c) Section 12, paragraph (b), is effective the day after the governing body of the city of Brook Park and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 17

GENERALLY APPLICABLE RETIREMENT CHANGES

Section 1. Minnesota Statutes 2016, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

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

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

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

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

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

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

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

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

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

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

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;

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

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

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

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

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

(14) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5; or

(15) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment.

Sec. 2. [356.631] ADDITIONAL SOURCES OF FUNDING.

Notwithstanding any other provision of law to the contrary, in addition to all sources of funding described in Minnesota Statutes, section 356.63, any public retirement plan described in Minnesota Statutes, section 356.63, paragraph (b), is authorized to accept, at its discretion, for deposit in its fund the following:

(1) gifts;

(2) donations;

(3) bequests; and

(4) life insurance death benefits.

Sec. 3. REPEALER.

Minnesota Statutes 2016, sections 352.04, subdivision 11; and 353.34, subdivision 6, are repealed.

Sec. 4. EFFECTIVE DATE.

Sections 1 to 3 are effective June 30, 2018.

ARTICLE 18

SMALL GROUP RETIREMENT CHANGES

Section 1. MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION; SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.

(a) Notwithstanding any provision of law to the contrary, 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 an effective start date for active retirement plan membership of June 1, 1989, and to retire under Minnesota Statutes, section 352.116, subdivision 1.

(b) An eligible person is a person who:

(1) was born on the dates as follows:

<u>employee</u>	<u>birth date</u>
<u>A</u>	<u>October 2, 1968</u>
<u>B</u>	<u>June 12, 1965</u>
<u>C</u>	<u>August 10, 1958</u>
<u>D</u>	<u>April 29, 1963</u>
<u>E</u>	<u>April 11, 1955</u>
<u>F</u>	<u>August 13, 1966</u>
<u>G</u>	<u>April 22, 1961</u>
<u>H</u>	<u>December 31, 1958</u>
<u>I</u>	<u>October 10, 1966</u>
<u>J</u>	<u>February 4, 1961</u>
<u>K</u>	<u>August 21, 1963</u>
<u>L</u>	<u>January 23, 1960</u>
<u>M</u>	<u>September 19, 1966</u>
<u>N</u>	<u>November 3, 1961</u>
<u>O</u>	<u>June 13, 1958</u>
<u>P</u>	<u>June 23, 1954</u>
<u>Q</u>	<u>October 20, 1956</u>
<u>R</u>	<u>July 28, 1955</u>
<u>S</u>	<u>May 6, 1960</u>
<u>T</u>	<u>March 19, 1966</u>
<u>U</u>	<u>August 19, 1966</u>
<u>V</u>	<u>March 14, 1959</u>

(2) became an employee of the Minnesota Department of Transportation prior to July 1, 1989, in a position which was not covered by the general state employees retirement plan of the Minnesota State Retirement System;

(3) was eventually employed as a permanent employee after June 30, 1989, and covered by the general state employees retirement plan of the Minnesota State Retirement System on the dates as follows:

<u>employee</u>	<u>membership record date</u>
<u>A</u>	<u>September 27, 1989</u>
<u>B</u>	<u>September 27, 1989</u>
<u>C</u>	<u>September 26, 1989</u>
<u>D</u>	<u>September 27, 1989</u>
<u>E</u>	<u>September 26, 1989</u>
<u>F</u>	<u>September 13, 1989</u>
<u>G</u>	<u>September 1, 1989</u>
<u>H</u>	<u>September 27, 1989</u>
<u>I</u>	<u>September 27, 1989</u>
<u>J</u>	<u>September 13, 1989</u>
<u>K</u>	<u>September 13, 1989</u>
<u>L</u>	<u>September 26, 1989</u>
<u>M</u>	<u>August 30, 1989</u>
<u>N</u>	<u>September 26, 1989</u>
<u>O</u>	<u>September 13, 1989</u>
<u>P</u>	<u>September 27, 1989</u>
<u>Q</u>	<u>September 27, 1989</u>
<u>R</u>	<u>September 27, 1989</u>
<u>S</u>	<u>September 13, 1989</u>
<u>T</u>	<u>September 13, 1989</u>
<u>U</u>	<u>September 27, 1989</u>
<u>V</u>	<u>September 26, 1989</u>

(4) was sent annual statements by the Minnesota State Retirement System between July 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under Minnesota Statutes, section 352.116, subdivision 1; and

(5) was sent notification from the Minnesota State Retirement System revising the start date for general state employees retirement plan membership from a date before July 1, 1989, to a date after June 30, 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 by paying an amount equal to the employer contributions and employee contributions that would have been paid from June 1, 1989, to the end of the month prior to the date the employee entered covered service plus interest at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 2, compounded annually on the combined employer and employee contribution amount from the date the contributions would have been paid to the date the Minnesota State Retirement System receives payment for this service credit purchase. The payment must be made in a lump sum.

(d) An eligible person who purchases allowable service credit under paragraph (c) has a June 1, 1989, start date for the purpose of 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) The ongoing annuity benefit of an eligible person who is retired and who purchases allowable service credit under paragraph (c) shall be adjusted consistent with paragraph (d). The difference between the ongoing annuity benefit and the adjusted ongoing annuity benefit for all benefit payments made before the adjustment shall be paid as a lump sum.

(f) Authority to purchase prior uncredited service credit under this section expires one year from the effective date of this section.

Sec. 2. PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST. CLOUD STATE UNIVERSITY 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 service described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on September 1, 1960;

(2) was an employee of St. Cloud State University on March 14, 2016;

(3) was a member of the general employees retirement plan of the Public Employees Retirement Association on March 14, 2016;

(4) was employed by St. Cloud Technical College on April 1, 1993, and was a member of the general employees retirement plan of the Public Employees Retirement Association; and

(5) changed employment within St. Cloud State University on February 22, 2006, and was erroneously placed into the higher education individual retirement account plan from February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and Universities system.

(c) The period of uncredited service authorized for purchase is the period of February 22, 2006, until May 10, 2011, during which time the eligible person was erroneously placed into and contributed to the higher education individual retirement account plan.

(d) The eligible person's member contributions to the higher education individual retirement account plan must be transferred to the Public Employees Retirement Association with any earned investment returns on those contributions. The eligible person must pay the member contributions that the eligible person would have made to the Public Employees Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period of service described in paragraph (c) as if the person had been covered by the Public Employees Retirement Association during the period, plus annual compound interest on that amount at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 3, until

the date on which payment is made to the Public Employees Retirement Association, less the transferred member contributions and investment earnings.

(e) Upon transfer of the equivalent member contribution amount and any additional payments under paragraph (d), the balance of the eligible person's higher education individual retirement account plan account must be transferred to the Public Employees Retirement Association within 60 days following the receipt of the eligible person's payment under paragraph (d).

(f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota State Colleges and Universities system shall pay the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, less any amounts received under paragraphs (d) and (e), within 60 days following the receipt of the eligible person's payment under paragraph (d).

(g) Upon the transfers and payments under paragraph (f), the eligible person must be credited by the Public Employees Retirement Association with allowable service credit for Minnesota State Colleges and Universities System employment from February 22, 2006, until May 10, 2011.

(h) Authority to make a service credit purchase under this section expires one year from the effective date of this section.

Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B, to the contrary, an eligible person described in paragraph (b) is eligible to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactively from July 1, 2001, upon repaying a member contribution refund taken from the general employees retirement plan of the Public Employees Retirement Association under paragraph (c), upon making an election under paragraph (e), and upon making all required payments under paragraphs (f) and (g).

(b) An eligible person is a person who:

(1) was born April 4, 1956;

(2) was employed by a governmental subdivision in 1995, with retirement coverage in the general employees retirement plan of the Public Employees Retirement Association, for which a refund of member contributions and interest was taken before 2001;

(3) was employed by St. Cloud State University in the late 1990s, with retirement coverage in the general state employees retirement plan of the Minnesota State Retirement System;

(4) was hired as an academic advisor by St. Cloud State University on July 1, 2001, with retirement coverage in the higher education individual retirement account plan; and

(5) was not informed of the option to elect Teachers Retirement Association coverage in the coverage election authorized by Minnesota Statutes 2001, section 354B.21, so remained in the higher education individual retirement account plan.

(c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35, subdivision 1, paragraph (c).

(d) Authority to repay a refund under this section expires one year from the effective date of this section.

(e) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all documentation of the applicability of this section and any other relevant information that the executive director may require. Teachers Retirement Association plan membership commences after the date of the retirement coverage election under this section and past salary and service credit is granted for past Minnesota State Colleges and Universities system employment from July 1, 2001, until the executive director receives the written application specified in this paragraph and receipts of the payments specified in paragraphs (c), (f), and (g). Coverage by the Teachers Retirement Association is in lieu of coverage by the individual retirement account plan.

(f) If the eligible person makes the retirement coverage election under paragraph (e), the eligible person's member contributions to the higher education individual retirement account plan must be transferred to the Teachers Retirement Association with any earned investment returns on those contributions. If the transferred member contributions and investment earnings are less than the calculated amount of the member contributions that the eligible person would have made to the Teachers Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period from July 1, 2001, to the date of the retirement coverage election if the person had been covered by the Teachers Retirement Association during the period, plus annual compound interest at the applicable rate or rates specified in Minnesota Statutes, section 356.59, subdivision 4, then the eligible person shall pay the balance of that calculated member contribution obligation within 30 days of the retirement coverage election.

(g) Upon the transfer of the equivalent member contribution amount and any additional payment under paragraph (f), the balance of the eligible person's higher education individual retirement account plan account must be transferred to the Teachers Retirement Association. If the amounts under paragraph (f) and the individual retirement account plan balance under this paragraph are less than the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities system shall pay the difference within 60 days of the retirement election date.

(h) The authority to make a retirement coverage election under this section expires one year from the effective date of this section.

Sec. 4. **TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY AND TECHNICAL COLLEGE FACULTY MEMBERS.**

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan

retroactive from July 19, 2000, or September 15, 2000, whichever is applicable, upon making an election under paragraph (c) and upon making all required payments under paragraphs (d) and (e).

(b) An eligible person is a person who:

(1) either:

(i) was born on September 25, 1964, and has been employed at Mesabi Range Community and Technical College and a contributing member of the higher education individual retirement account plan since July 19, 2000; or

(ii) was born on October 15, 1963, and has been employed at Mesabi Range Community and Technical College and a contributing member of the higher education individual retirement account plan since September 15, 2000;

(2) was classified in the unlimited full-time category on August 21, 2012;

(3) became eligible for an election of Teachers Retirement Association coverage under Laws 2009, chapter 169, article 6, section 1; and

(4) was not offered an election of Teachers Retirement Association coverage by the Minnesota State Colleges and Universities system.

(c) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all documentation of the applicability of this section and any other relevant information that the executive director may require. Teachers Retirement Association plan membership commences after the date of the retirement coverage election under this section and past salary and service credit is granted for past Minnesota State Colleges and Universities system employment from July 19, 2000, or September 15, 2000, whichever is applicable, until the executive director receives the written application specified in this paragraph and receipts of the payments specified in paragraphs (d) and (e). Coverage by the Teachers Retirement Association is in lieu of coverage by the individual retirement account plan.

(d) If the eligible person makes the retirement coverage election under paragraph (c), the eligible person shall make a contribution to the Teachers Retirement Association equal to the excess, if any, of the employee contributions that the eligible person would have made if the Teachers Retirement Association had provided coverage from July 19, 2000, or September 15, 2000, whichever is applicable, rather than the individual retirement account plan. These additional contribution amounts shall include annual compound interest at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 4, computed from the date the contribution would have been made if deducted from salary until paid. The total amount to be paid under this paragraph shall be determined by the executive director of the Teachers Retirement Association and written notification of the amount required under this paragraph must be transmitted to the eligible person.

(e) If payment is made under paragraph (d), the value of the applicable eligible person's higher education individual retirement account plan account shall be transferred to the Teachers Retirement Association.

(f) The Teachers Retirement Association shall determine the required purchase payment amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers Retirement Association under this section due to the salary and service credit purchase.

(g) From the total amount computed under paragraph (f), the executive director of the Teachers Retirement Association shall subtract the amounts received under paragraphs (d) and (e). The Minnesota State Colleges and Universities system must transmit the remaining amount, if any, to the executive director of the Teachers Retirement Association within 60 days following the receipt of the payments under paragraphs (d) and (e).

(h) The authority to make a retirement coverage election under this section expires one year from the effective date of this section.

Sec. 5. TEACHERS RETIREMENT ASSOCIATION COVERAGE ELECTION AND MINNESOTA STATE RETIREMENT SYSTEM REFUND REPAYMENT AUTHORITY FOR CERTAIN WINONA STATE UNIVERSITY EMPLOYEE.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 352 or 354B, to the contrary, an eligible person described in paragraph (b) is eligible to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactively from January 1, 1995, upon repaying a member contribution refund taken from the general employees retirement plan of the Minnesota State Retirement System under paragraph (c), upon making an election under paragraph (e), and upon making all required payments under paragraphs (f), (g), and (h).

(b) An eligible person is a person who:

(1) was born November 11, 1957;

(2) began state employment in 1981, with retirement coverage in the general employees retirement plan of the Minnesota State Retirement System for which a refund of member contributions and interest was taken;

(3) was employed by Winona State University on September 11, 1989, with retirement coverage in the higher education individual retirement account plan; and

(4) was not informed of the option to elect Teachers Retirement Association coverage in the coverage election authorized under Laws 1994, chapter 508, article 1, section 10, so remained in the higher education individual retirement account plan.

(c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision 1, paragraph (c), must be calculated under Minnesota Statutes, section 352.23.

(d) Authority to repay a refund under this section expires one year from the effective date of this section.

(e) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all relevant

documentation and information that the executive director may require. Teachers Retirement Association plan membership commences after the date of the retirement coverage election under this section and past salary and service credit is granted for past Minnesota State Colleges and Universities system employment from January 1, 1995, until the executive director receives the written application specified in this paragraph and receipts of the payments specified in paragraphs (c), (f), (g), and (h). Coverage by the Teachers Retirement Association is in lieu of coverage by the individual retirement account plan.

(f) If the eligible person makes the retirement coverage election under paragraph (e), the eligible person's member contributions to the higher education individual retirement account plan account from January 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers Retirement Association, with any earned investment returns on those contributions. If the transferred member contributions and investment earnings are less than the calculated amount of the member contributions that the eligible person would have made to the Teachers Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period from January 1, 1995, to the date of the retirement coverage election, if the person had been covered by the Teachers Retirement Association during the period, plus annual compound interest at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 4, then the eligible person shall pay the balance of that calculated member contribution obligation within 30 days of the retirement coverage election.

(g) Upon the transfer of the equivalent member contribution amount and any additional payment under paragraph (f), the employer contributions made on behalf of the eligible member to the higher education individual retirement account plan account from January 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers Retirement Association, with any earned investment returns on those contributions.

(h) If the amounts under paragraphs (f) and (g) are less than the prior service credit purchase payment amount under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities system shall pay the difference within 60 days following receipt of the amounts transmitted under paragraphs (f) and (g).

(i) The authority to make a retirement coverage election under this section expires one year from the effective date of this section.

Sec. 6. PERA COVERAGE ELECTION AND SERVICE CREDIT PURCHASE; DULUTH TOWNSHIP CLERK.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 353D, to the contrary, an eligible person described in paragraph (b) is eligible 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 service described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on July 19, 1953;

(2) became a member of the public employees defined contribution plan of the Public Employees Retirement Association on January 7, 1997, as the elected clerk for Duluth township;

(3) should have become a member of the public employees general plan of the Public Employees Retirement Association on April 12, 2001, when the elected clerk position became an appointed position;

(4) erroneously remained in the public employees defined contribution plan until February 2017; and

(5) retroactively joined the public employees general plan to January 1, 2014, pursuant to Minnesota Statutes, section 353.27, subdivision 12.

(c) The period of uncredited service authorized for purchase is the period of April 12, 2001, until December 31, 2013.

(d) Any member contributions made to the public employees defined contribution plan, plus any earned investments returns on those contributions, remaining after the transfer associated with the cost of omitted salary deductions pursuant to Minnesota Statutes, section 353.27, subdivision 12, may be transferred to the public employees general plan of the Public Employees Retirement Association upon request from the eligible person. The transfer must occur within 60 days of the request. Authority to request a transfer under this section expires December 31, 2018.

(e) Any employer contributions made to the public employees defined contribution plan, plus any earned investment returns on those contributions, remaining after the transfer associated with the cost of omitted salary deductions pursuant to Minnesota Statutes, section 353.27, subdivision 12, must be transferred to the public employees general plan of the Public Employees Retirement Association at the same time as the transfer that occurs under paragraph (d).

(f) If the eligible person requests a transfer under paragraph (d), the eligible person must pay the member contributions that the eligible person would have made to the Public Employees Retirement Association on the eligible person's compensation from the Duluth township for the period of service described in paragraph (c) as if the person had been covered by the public employees general plan, plus annual compound interest on that amount at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 3, until the date payment is made to the Public Employees Retirement Association, less the transferred member contributions and investment earnings.

(g) Upon the transfer of the amounts under paragraphs (d), (e), and (f), Duluth township shall pay the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, less any amounts received under paragraphs (d), (e), and (f), within 60 days following the receipt of the eligible person's payment under paragraph (f).

(h) Upon the transfer and payment under paragraph (g), the eligible person must be credited by the Public Employees Retirement Association with allowable service credit for Duluth township employment from April 12, 2001, until December 31, 2013.

(i) Authority to make a service credit purchase under this section expires one year from the effective date of this section.

Sec. 7. TRA COVERAGE ELECTION AUTHORITY FOR CERTAIN MINNESOTA STATE EMPLOYEE.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactively from August 5, 2009, upon making an election under paragraph (c) and upon making all required payments under paragraphs (d) and (e).

(b) An eligible person is one who:

(1) was born on June 3, 1966;

(2) was employed as a state program administrator coordinator on December 2, 2002, with Minnesota State Retirement System retirement plan coverage;

(3) was employed as an administrator with the Minnesota State Personnel Plan for Administrators on August 5, 2009, with retirement coverage in the higher education individual retirement account plan; and

(4) was not offered an election of Teachers Retirement Association coverage as authorized by Minnesota Statutes, section 354B.21, so remained in the higher education individual retirement account plan.

(c) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all documentation of the applicability of this section and any other relevant information that the executive director may require. Teachers Retirement Association plan membership commences after the date of the retirement coverage election under this section and past salary and service credit is granted for past Minnesota State system employment from August 5, 2009, until the executive director receives the written application specified in this paragraph and receipts of payments specified in paragraphs (d) and (e).

(d) If the eligible person makes the retirement coverage election under paragraph (c), the eligible person shall make a contribution to the Teachers Retirement Association equal to the excess, if any, of the employee contributions that the eligible person would have made if covered by the Teachers Retirement Association from August 5, 2009. These additional contribution amounts shall include 8.5 percent annual compound interest computed from the date the contribution would have been made if deducted from salary until paid. The total amount to be paid under this paragraph shall be determined by the executive director of the Teachers Retirement Association and written notification of the amount required under this paragraph must be transmitted to the eligible person.

(e) If payment is made under paragraph (d), the value of the applicable eligible person's higher education individual retirement account plan account shall be transferred to the Teachers Retirement Association.

(f) The Teachers Retirement Association shall determine the required purchase payment amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers Retirement Association under this section due to the salary and service credit purchase.

(g) From the total amount computed under paragraph (f), the executive director of the Teachers Retirement Association shall subtract the amounts received under paragraphs (d) and (e). The Minnesota State system must transmit the remaining amount, if any, to the executive director of the Teachers Retirement Association within 60 days following the receipt of payments under paragraphs (d) and (e).

(h) The authority to make a retirement coverage election under this section expires one year from the effective date of this section.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective June 30, 2018.

ARTICLE 19

TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 2016, 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, subdivisions 12 and 12a, 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 during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section ~~353.0161~~ or 353.0162, to the fund made in place of salary deductions;

(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 until June 30, 2015, and eight percent thereafter, 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 until June 30, 2015, and eight percent interest thereafter, 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 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 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 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter, 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) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(c) 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.

Sec. 2. Minnesota Statutes 2016, section 353.012, is amended to read:

353.012 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE AND SALARY CREDIT.

A furloughed employee of the University of Minnesota who is a member of the public employees police and fire plan may obtain allowable service and salary credit for the furlough period. The allowable service and salary credit authorization is a leave of absence authorization for purposes of section ~~353.0161 and the purchase payment procedure of section 353.0161, subdivision 2, applies~~ 353.0162.

Sec. 3. Minnesota Statutes 2016, section 353.32, subdivision 4, is amended to read:

Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies without having designated a beneficiary or if the beneficiary should die before making application for refund, and if there is no surviving spouse, and if the legal representative of such member or former member does not apply for refund within five years from the date of death of the member or former member, the accumulated deductions to the member or former member's credit at the time of death shall be disposed of in the manner provided in section ~~353.34, subdivision 6~~ 356.631.

Sec. 4. Minnesota Statutes 2016, section 354A.011, subdivision 29, is amended to read:

Subd. 29. **Vesting; vested.** ~~(a) "Vesting" or "vested" means having entitlement to a nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association coordinated member program administered by a teachers retirement fund association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies when the teacher has accrued credit for at least three years of allowable service.~~

~~(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher has accrued credit for at least three years of service.~~

~~(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the Duluth Teachers Retirement Fund Association:~~

~~(1) a teacher who first became a member of the plan before July 1, 2010, is vested when the teacher has accrued at least three years of service; and~~

~~(2) a teacher who first became a member of the plan after June 30, 2010, is vested when the teacher has accrued at least five years of service.~~

Sec. 5. Minnesota Statutes 2016, section 354A.095, is amended to read:

354A.095 PARENTAL AND MATERNITY LEAVE.

Basic or coordinated members of the St. Paul Teachers Retirement Fund Association ~~and new coordinated members of the Duluth Teachers Retirement Fund Association~~, who are granted parental or maternity leave of absence by the employing authority, are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the ~~applicable~~ fund by the end of the fiscal year following the fiscal year in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary rate upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

Sec. 6. Minnesota Statutes 2016, section 354A.31, subdivision 3, is amended to read:

Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that all or a portion of the annuity payments must be deferred during the calendar year immediately following the calendar year in which the person's salary from the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third the salary amount in excess of \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the Social Security normal retirement age, no deferral requirement is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity deferral must be handled or disposed of as provided in section 356.47.

~~(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers Retirement Fund Association member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the Duluth Teachers Retirement Fund Association fund.~~

~~(e)~~ (e) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul Teachers Retirement Fund Association basic or coordinated program member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

~~(e)~~ (f) For the purpose of this subdivision, salary from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

~~(h)~~ (g) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement salary as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

Sec. 7. Minnesota Statutes 2016, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The surviving spouse of a vested coordinated member who dies prior to retirement may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph 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. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and computed under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity

based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

~~(e) If a vested member of the Duluth Teachers Retirement Fund Association was under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.~~

~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association was under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the actuarial equivalent reduction from age 55 to the date payment begins. The actuarial equivalent reduction is calculated so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

~~(e)~~ (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

Sec. 8. Minnesota Statutes 2016, section 356.47, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; or 354.44, subdivision 5.

~~(b) This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the Duluth Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.~~

~~(e)~~ (b) This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.

Sec. 9. **REPEALER.**

Minnesota Statutes 2016, section 354A.12, subdivision 2c, is repealed.

Sec. 10. **EFFECTIVE DATE.**

Sections 1 to 9 are effective June 30, 2018.

ARTICLE 20

E-12 EDUCATION FINANCE

Section 1. Minnesota Statutes 2016, section 126C.10, subdivision 37, is amended to read:

Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment revenue equals the sum of:

(1) the greater of zero or the product of:

(+) (i) the difference between the district's adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit; and

(-) (ii) the district's adjusted pupil units for the fiscal year; and

(2) the product of the salaries paid to district employees who were members of the Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The pension adjustment rate for Independent School District No. 625, St. Paul, equals 0.84 percent for fiscal year 2019, 1.67 percent for fiscal year 2020, 1.88 percent for fiscal year 2021, 2.09 percent for fiscal year 2022, 2.3 percent for fiscal year 2023, and 2.5 percent for fiscal year 2024 and later. The pension adjustment rate for all other districts equals 0.21 percent for fiscal year 2019, 0.42 percent for fiscal year 2020, 0.63 percent for fiscal year 2021, 0.84 percent for fiscal year 2022, 1.05 percent for fiscal year 2023, and 1.25 percent for fiscal year 2024 and later.

(b) For fiscal year 2025 and later, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal year 2024. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(c) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be paid to the cooperative unit.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2019 and later.

ARTICLE 21

APPROPRIATIONS

Section 1. **APPROPRIATIONS; GENERAL FUND PENSION CONTRIBUTION INCREASES.**

(a) \$7,142,000 in fiscal year 2019 is appropriated from the general fund to the entities specified in paragraph (b) to offset employer pension contribution increases required under this act of executive

branch agencies, boards, commissions, and constitutional offices and the judicial branch. These appropriations are for increases in employer contributions to the Minnesota State Retirement System general employees, correctional employees, state patrol, and unclassified retirement plans. The base for fiscal year 2020 is \$14,071,000, the base for fiscal year 2021 is \$18,007,000, and the base for fiscal year 2022 and later is \$21,943,000.

(b) Except as provided in paragraph (c), the commissioner of management and budget must determine an allocation of the amount appropriated in paragraph (a) for each executive branch state agency, board, commission, and constitutional office and the judicial branch. Each allocation is directly appropriated to each of these entities as specified by the commissioner. The commissioner of management and budget must report the amounts appropriated under this section to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee by August 15, 2018.

(c) This appropriation may not be used to offset contribution increases to the University of Minnesota, Minnesota State Colleges and Universities, the Metropolitan Council, or the Minnesota Historical Society.

Sec. 2. APPROPRIATIONS; NONGENERAL FUND PENSION CONTRIBUTION INCREASES.

(a) The amounts necessary to pay increased nongeneral fund employer contribution increases in this act in fiscal year 2019 are appropriated from any nongeneral fund that is specified by the commissioner of management and budget under paragraph (b). These appropriations shall offset employer pension contribution increases required under this act of executive branch state agencies, boards, and commissions and the judicial branch. These appropriations are for increases in employer contributions to the Minnesota State Retirement System general employees, correctional employees, state patrol, and unclassified retirement plans.

(b) The commissioner of management and budget must determine the appropriate fund and amount required under paragraph (a) for each executive branch state agency, board, and commission; and the judicial branch for each fiscal year. The amounts are added to the base, as defined in Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), of each executive branch state agency, board, and commission, and the judiciary is increased in each fiscal year until fiscal year 2023 to reflect the percentage increase in employer contributions under this act. The commissioner of management and budget must report the amounts appropriated under this section to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee by August 15, 2018.

Sec. 3. APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION.

(a) \$20,000 in fiscal year 2019 is appropriated from the general fund to the Department of Education for increased employer pension contributions to the Teachers Retirement Association. The base for fiscal year 2020 is \$40,000, the base for fiscal year 2021 is \$60,000, the base for fiscal year 2022 is \$80,000, the base for fiscal year 2023 is \$100,000, and the base for fiscal year 2024 and later is \$118,000.

(b) \$7,000 in fiscal year 2019 is appropriated from the general fund to the Minnesota State Academies for increased employer pension contributions to the Teachers Retirement Association. The base for fiscal year 2020 is \$14,000, the base for fiscal year 2021 is \$20,000, the base for fiscal year 2022 is \$27,000, the base for fiscal year 2023 is \$34,000, and the base for fiscal year 2024 and later is \$40,000.

(c) \$6,000 in fiscal year 2019 is appropriated from the general fund to the Perpich Center for the Arts for increased employer pension contributions to the Teachers Retirement Association. The base for fiscal year 2020 is \$11,000, the base for fiscal year 2021 is \$17,000, the base for fiscal year 2022 is \$22,000, the base for fiscal year 2023 is \$28,000, and the base for fiscal year 2024 and later is \$33,000.

Sec. 4. EDUCATION APPROPRIATIONS.

Subdivision 1. **Department of Education.** The sums indicated are appropriated from the general fund to the Department of Education for the fiscal years designated. These sums are in addition to appropriations made for the same purpose in any other law.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$ 10,863,000 2019

The 2019 appropriation includes \$0 for 2018 and \$10,863,000 for 2019.

Sec. 5. EFFECTIVE DATE.

Sections 1 to 4 are effective June 30, 2018."

Delete the title and insert:

"A bill for an act relating to retirement; benefit and contribution changes for Minnesota statewide and major local public employee retirement plans; increasing contribution rates; reducing certain postretirement adjustment rates; modifying investment return assumptions; extending amortization target dates; reducing deferred annuities augmentation; requiring a study on postretirement adjustments; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, Public Employees Retirement Association, and St. Paul Teachers Retirement Fund Association; clarifying refund repayment procedures; modifying executive director credentials; clarifying service requirements; revising appeal procedures; modifying service credit purchase procedures; establishing new procedures for disability applications due to private disability insurance requirements; clarifying disability benefit payment provisions; modifying annual benefit limitations for federal tax code compliance; authorizing use of IRS correction procedures; clarifying benefit offsets for certain refund payments; clarifying police and fire plan coverage for certain Hennepin Healthcare System supervisors; modifying various economic actuarial assumptions; authorizing the transfer of assets and members from the voluntary statewide volunteer firefighter retirement plan to a volunteer firefighter relief association; adopting recommendations of the Volunteer Firefighter Relief Association working group; increasing the lump-sum service pension maximum and lowering certain vesting requirements for the Eden Prairie Volunteer Firefighters Relief Association; modifying the Brook Park volunteer firefighters service pension level; permitting alternative allocation of fire

state aid for the city of Austin; establishing a fire state aid work group; extending a reporting deadline for the Clearbrook Fire Department Relief Association; clarifying a 1992 session law for the Swift County-Benson Hospital; modifying various Department of Human Services and Department of Corrections employment classifications eligible for correctional retirement coverage; revising augmentation interest rates for certain terminated privatized employees; adopting definition of the Hometown Heroes Act related to public safety officer death benefits; modifying defined contribution plans to allow certain distributions; allowing service credit purchase and rule of 90 eligibility for certain Minnesota Department of Transportation employees; expanding investment authority for the Hennepin County Supplemental Retirement Plan; authorizing certain MnSCU employees to elect retroactive and prospective TRA coverage; authorizing a MnSCU employee to transfer past service from IRAP to PERA; increasing maximum employer contribution to a supplemental laborers pension fund; exempting certain laborers groups from coverage; authorizing certain additional sources of retirement plan funding; making technical and conforming changes; authorizing direct state aid to the public employees police and fire retirement plan and the St. Paul Teachers Retirement Fund Association; modifying pension adjustment revenue provisions; appropriating money; amending Minnesota Statutes 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14, subdivision 2a; 126C.10, subdivision 37; 352.01, subdivisions 2a, 13a; 352.017, subdivision 2; 352.03, subdivisions 5, 6; 352.04, subdivisions 2, 3, 8, 9; 352.113, subdivisions 2, 4, 14; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding subdivisions; 352.23; 352.27; 352.91, subdivisions 3f, 3g, by adding a subdivision; 352.92, subdivisions 1, 2, by adding a subdivision; 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c; 352B.08, by adding a subdivision; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.02, subdivisions 1, 3; 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.085, subdivision 1; 352D.11, subdivision 2; 352D.12; 352F.04, subdivisions 1, 2, by adding a subdivision; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162; 353.03, subdivision 3; 353.27, subdivisions 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.29, subdivisions 4, 7; 353.30, subdivisions 3c, 5; 353.32, subdivisions 1, 4; 353.34, subdivisions 2, 3; 353.35, subdivision 1; 353.37, subdivision 1; 353.64, subdivision 10; 353.65, subdivisions 2, 3, by adding a subdivision; 353D.07; 353F.02, subdivision 5a; 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05; 353F.057; 353F.06; 353F.07; 353G.01, subdivision 9, by adding a subdivision; 353G.02, subdivision 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11, subdivision 1; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.42, subdivisions 2, 3; 354.435, subdivision 4; 354.436, subdivision 3; 354.44, subdivisions 3, 6, 9; 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.49, subdivision 2; 354.50, subdivision 2; 354.51, subdivision 5; 354.512; 354.52, subdivisions 4, 4d; 354.53, subdivision 5; 354.55, subdivision 11; 354.66, subdivision 2; 354.72, subdivisions 1, 2; 354A.011, subdivisions 3a, 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096; 354A.12, subdivisions 1, 1a, 2a, 3a, 3c, 7; 354A.29, subdivision 7; 354A.31, subdivisions 3, 5, 6, 7; 354A.34; 354A.35, subdivision 2; 354A.36, subdivision 4; 354A.37, subdivisions 2, 3; 354A.38; 356.195, subdivision 2; 356.215, subdivisions 9, 11; 356.24, subdivision 1; 356.30, subdivision 1; 356.32, subdivision 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, by adding a subdivision; 356.44; 356.47, subdivisions 1, 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.645; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 383B.47; 383B.48; 383B.49; 383B.50; 423A.02, subdivisions 3, 5; 423A.022, subdivision 5; 424A.001, subdivisions 2, 3, 10, by adding a subdivision; 424A.002, subdivision 1; 424A.01, subdivisions 1, 5, 6, by adding subdivisions; 424A.015, subdivision 1, by adding a subdivision; 424A.016, subdivision 2; 424A.02, subdivisions 1, 3a, 7; 424A.04, subdivision 1; 424A.07; 424A.091, subdivision 3; 424A.094, subdivision 3; 424A.10, subdivision 1; 424B.20,

subdivision 4; 490.121, subdivisions 4, 25, 26; 490.1211; 490.123, by adding a subdivision; 490.124, subdivision 12; Minnesota Statutes 2017 Supplement, sections 353.27, subdivision 3c; 356.215, subdivision 8; Laws 1992, chapter 534, section 10, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 353F; 353G; 356; 424A; repealing Minnesota Statutes 2016, sections 3A.12; 352.04, subdivision 11; 352.045; 352.72; 352B.30; 353.0161; 353.27, subdivision 3b; 353.34, subdivision 6; 353.71; 354.42, subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.12, subdivision 2c; 354A.29, subdivisions 8, 9; 354A.39; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13; Laws 2008, chapter 349, article 8, section 4."

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. 3000, 3001, 2564, 2556, 3241, 3102, 3066, 2997, 2697, and 3060 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Sparks, Weber, and Hawj introduced--

S.F. No. 3513: A bill for an act relating to workforce development; appropriating money for various economic development programs.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Anderson, P. and Draheim introduced--

S.F. No. 3514: A bill for an act relating to higher education; amending certain state grant provisions; amending Minnesota Statutes 2016, section 136A.121, subdivision 5.

Referred to the Committee on Higher Education Finance and Policy.

Senators Franzen and Hoffman introduced--

S.F. No. 3515: A bill for an act relating to taxation; individual income and corporate franchise; establishing a refundable tax credit for certain qualified child care expenses, professionals, and providers; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

Senator Nelson introduced--

S.F. No. 3516: A bill for an act relating to education finance; requiring a portion of voluntary prekindergarten participants to be served through a mixed delivery of services; amending Minnesota Statutes 2016, section 124D.151, as amended.

Referred to the Committee on E-12 Finance.

Senators Franzen, Hayden, and Hoffman introduced--

S.F. No. 3517: A bill for an act relating to human services; forecasting the basic sliding fee child care assistance program; modifying child care assistance provider reimbursement rates; appropriating money; amending Minnesota Statutes 2016, sections 119B.02, subdivisions 1, 2; 119B.03, subdivision 9; 119B.05, subdivision 5; 119B.08, subdivision 3; 119B.09, subdivision 4a; 256.017, subdivision 9; Minnesota Statutes 2017 Supplement, sections 119B.011, subdivision 19b; 119B.05, subdivision 1; 119B.09, subdivision 1; 119B.13, subdivision 1; repealing Minnesota Statutes 2016, sections 119B.03, subdivisions 1, 2, 5, 6, 6a, 6b, 8; 119B.09, subdivision 3; Minnesota Statutes 2017 Supplement, sections 119B.011, subdivision 20a; 119B.03, subdivision 4; Minnesota Rules, parts 3400.0020, subpart 8; 3400.0030; 3400.0060, subparts 2, 4, 6, 6a, 7; 3400.0140, subpart 10; 3400.0183, subpart 1.

Referred to the Committee on Human Services Reform Finance and Policy.

Senator Koran introduced--

S.F. No. 3518: A bill for an act relating to taxation; dedicating a portion of sales and use tax to aid to cities and school districts; repealing the fiscal disparity program and existing city and town local government aid; amending Minnesota Statutes 2016, section 477A.014, subdivision 1; Minnesota Statutes 2017 Supplement, section 297A.94; proposing coding for new law in Minnesota Statutes, chapter 477A; repealing Minnesota Statutes 2016, sections 276A.01, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 12, 13, 14, 15, 16; 276A.02; 276A.03; 276A.04; 276A.05; 276A.06, subdivisions 1, 2, 3, 4, 5, 6, 7, 9; 276A.07; 276A.08; 276A.09; 473F.001; 473F.01; 473F.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 14, 15, 21, 22, 23, 24; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08, subdivisions 1, 2, 3, 3a, 3b, 3c, 4, 5, 5a, 6, 7a, 8a, 10; 473F.09; 473F.10; 473F.11; 473F.13, subdivision 1; 477A.011, subdivisions 20, 27, 30, 30a, 35, 38, 42, 43, 44; 477A.013, subdivisions 10, 13; 477A.03, subdivision 2c; Minnesota Statutes 2017 Supplement, sections 276A.01, subdivisions 8, 17; 276A.06, subdivisions 8, 10; 477A.011, subdivisions 34, 45; 477A.013, subdivisions 1, 8, 9; 477A.03, subdivision 2a.

Referred to the Committee on Taxes.

Senators Chamberlain and Koran introduced--

S.F. No. 3519: A bill for an act relating to taxation; property; exempting the first \$200,000 of market value of commercial-industrial property from the state general levy; amending Minnesota Statutes 2017 Supplement, section 275.025, subdivision 2.

Referred to the Committee on Taxes.

Senators Chamberlain and Koran introduced--

S.F. No. 3520: A bill for an act relating to taxation; estate; conforming to the federal exclusion amount; amending Minnesota Statutes 2017 Supplement, sections 289A.10, subdivision 1; 291.016, subdivision 3; 291.03, subdivision 1; repealing Minnesota Statutes 2016, sections 289A.10,

subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; 291.03, subdivisions 8, 10; Minnesota Statutes 2017 Supplement, section 291.03, subdivisions 9, 11.

Referred to the Committee on Taxes.

Senator Rest introduced--

S.F. No. 3521: A bill for an act relating to taxation; sales and use; expanding the exemption for sales to certain nonprofit organizations; amending Minnesota Statutes 2017 Supplement, section 297A.70, subdivision 4.

Referred to the Committee on Taxes.

Senator Latz introduced--

S.F. No. 3522: A bill for an act relating to data practices; authorizing disclosure to complainant of certain personnel data regarding status of sexual harassment investigations; amending Minnesota Statutes 2016, section 13.43, subdivision 8.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Latz introduced--

S.F. No. 3523: A bill for an act relating to criminal justice; juveniles; addressing predatory offender registration of juveniles; amending Minnesota Statutes 2016, section 243.166, subdivisions 1b, 6.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Koran and Sparks introduced--

S.F. No. 3524: A bill for an act relating to commerce; changing requirements for motor vehicle service contracts; amending Minnesota Statutes 2016, section 59B.02, subdivision 11, by adding a subdivision.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Jasinski, Rosen, Rest, Hall, and Wiger introduced--

S.F. No. 3525: A bill for an act relating to local government; exempting the Metropolitan Airports Commission from political subdivision compensation limit; amending Minnesota Statutes 2016, section 473.606, subdivision 5.

Referred to the Committee on Local Government.

Senator Osmek introduced--

S.F. No. 3526: A bill for an act relating to public safety; requiring law enforcement agencies to comply with federal immigration detainers; proposing coding for new law in Minnesota Statutes, chapter 299A.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Anderson, B. and Ingebrigtsen introduced--

S.F. No. 3527: A bill for an act relating to transportation; providing for railroad oil and hazardous materials emergency preparedness; amending Minnesota Statutes 2016, sections 13.6905, by adding a subdivision; 13.7411, by adding a subdivision; 115E.042, subdivisions 2, 3, 4, 5, 6, by adding a subdivision; 219.015, subdivisions 1, 2; 299A.55, as amended; proposing coding for new law in Minnesota Statutes, chapter 219.

Referred to the Committee on Transportation Finance and Policy.

Senators Anderson, B. and Ingebrigtsen introduced--

S.F. No. 3528: A bill for an act relating to transportation; providing for railroad oil and hazardous materials emergency preparedness; amending Minnesota Statutes 2016, sections 13.6905, by adding a subdivision; 13.7411, by adding a subdivision; 115E.042, subdivisions 2, 3, 4, 5, 6, by adding a subdivision; 219.015, subdivisions 1, 2; 299A.55, as amended; proposing coding for new law in Minnesota Statutes, chapter 219.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Anderson, B. and Ingebrigtsen introduced--

S.F. No. 3529: A bill for an act relating to transportation; providing for railroad oil and hazardous materials emergency preparedness; amending Minnesota Statutes 2016, sections 13.6905, by adding a subdivision; 13.7411, by adding a subdivision; 115E.042, subdivisions 2, 3, 4, 5, 6, by adding a subdivision; 219.015, subdivisions 1, 2; 299A.55, as amended; proposing coding for new law in Minnesota Statutes, chapter 219.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senators Anderson, B. and Ingebrigtsen introduced--

S.F. No. 3530: A bill for an act relating to transportation; providing for railroad oil and hazardous materials emergency preparedness; amending Minnesota Statutes 2016, sections 13.6905, by adding a subdivision; 13.7411, by adding a subdivision; 115E.042, subdivisions 2, 3, 4, 5, 6, by adding a subdivision; 219.015, subdivisions 1, 2; 299A.55, as amended; proposing coding for new law in Minnesota Statutes, chapter 219.

Referred to the Committee on Environment and Natural Resources Finance.

Senators Ruud, Eichorn, Fischbach, Eaton, and Ingebrigtsen introduced--

S.F. No. 3531: A bill for an act relating to natural resources; appropriating money for aquatic invasive species grants.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senators Little, Newton, Hayden, Klein, and Kent introduced--

S.F. No. 3532: A bill for an act relating to health insurance; requiring coverage for hearing aids for individuals older than 18 years of age; amending Minnesota Statutes 2016, section 62Q.675.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senator Clausen introduced--

S.F. No. 3533: A bill for an act relating to capital investment; appropriating money for the Apple Valley Red Line 147th Street Station skyway project; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Eichorn introduced--

S.F. No. 3534: A bill for an act relating to state government; requiring a report to the legislature on the receipt of federal funds by the state; proposing coding for new law in Minnesota Statutes, chapter 16A.

Referred to the Committee on Finance.

Senator Weber introduced--

S.F. No. 3535: A bill for an act relating to animals; classifying certain data collected by the Board of Animal Health; amending Minnesota Statutes 2016, section 13.643, subdivision 6.

Referred to the Committee on Agriculture, Rural Development, and Housing Policy.

Senator Weber introduced--

S.F. No. 3536: A bill for an act relating to agriculture; making policy and technical changes to various agricultural provisions; amending Minnesota Statutes 2016, sections 17.117, subdivision 11a; 25.33, subdivision 8; 28A.04, subdivision 1; 28A.08, subdivision 3; 29.26; 34A.11, subdivision 7; 41A.15, subdivision 10, by adding a subdivision; 41A.16, subdivisions 1, 4; 41A.17, subdivisions 1, 2, 3; 41A.18, subdivisions 1, 3; 41B.02, subdivision 10a; 41B.047, subdivisions 1, 3; 41B.049, subdivision 5; 41B.055, subdivision 3; 41B.057, subdivision 3; Minnesota Statutes 2017 Supplement, sections 28A.05; 32D.13, by adding a subdivision; 32D.20, subdivision 2; 32D.22; 41B.0391, subdivisions 1, 5; repealing Minnesota Statutes 2016, section 41A.15, subdivisions 2a, 2b.

Referred to the Committee on Agriculture, Rural Development, and Housing Policy.

Senator Johnson introduced--

S.F. No. 3537: A bill for an act relating to agriculture; reducing noncommercial pesticide applicator license fee for certain persons; amending Minnesota Statutes 2016, section 18B.34, subdivision 5.

Referred to the Committee on Agriculture, Rural Development, and Housing Policy.

Senators Housley, Wiger, Koran, and Kent introduced--

S.F. No. 3538: A bill for an act relating to capital investment; appropriating money for the predesign and design of the Gateway Trail from William O'Brien State Park to the city of Scandia and for connections within the park; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Koran introduced--

S.F. No. 3539: A bill for an act relating to public employment; prohibiting exclusive representatives from requiring political contributions; proposing coding for new law in Minnesota Statutes, chapter 179A.

Referred to the Committee on State Government Finance and Policy and Elections.

Senators Miller, Gazelka, and Benson introduced--

S.F. No. 3540: A bill for an act relating to public employment; specifying conditions of legislative ratification of proposed collective bargaining agreements; amending Minnesota Statutes 2016, section 3.855, subdivision 1a.

Referred to the Committee on State Government Finance and Policy and Elections.

Senators Housley, Hoffman, Lourey, and Relph introduced--

S.F. No. 3541: A bill for an act relating to human services; appropriating money for senior companion program and foster grandparents program.

Referred to the Committee on Aging and Long-term Care Policy.

Senators Little, Housley, and Clausen introduced--

S.F. No. 3542: A bill for an act relating to transit; requiring equivalent Metro Mobility service throughout the transit taxing district; appropriating money; amending Minnesota Statutes 2016, section 473.386, subdivision 3.

Referred to the Committee on Transportation Finance and Policy.

Senator Relph introduced--

S.F. No. 3543: A bill for an act relating to health; establishing graduate registered physician licensure; proposing coding for new law in Minnesota Statutes, chapter 147.

Referred to the Committee on Health and Human Services Finance and Policy.

Senators Dziezic and Champion introduced--

S.F. No. 3544: A bill for an act relating to capital investment; extending the availability of an appropriation for the Brian Coyle Community Center; amending Laws 2014, chapter 294, article 1, section 21, subdivision 12, as amended.

Referred to the Committee on Capital Investment.

Senator Limmer introduced--

S.F. No. 3545: A bill for an act relating to health; increasing the default duration of a patient consent to release of health records; amending Minnesota Statutes 2016, section 144.293, subdivision 4.

Referred to the Committee on Health and Human Services Finance and Policy.

Senators Hawj, Bigham, Frentz, Klein, and Hayden introduced--

S.F. No. 3546: A bill for an act relating to human services; appropriating money for outreach to the Somali community.

Referred to the Committee on Human Services Reform Finance and Policy.

Senators Pappas, Benson, Housley, Rosen, and Fischbach introduced--

S.F. No. 3547: A bill for an act relating to state government; establishing the Women's Suffrage 100th Anniversary Commemoration Commission; appropriating money.

Referred to the Committee on State Government Finance and Policy and Elections.

Senators Clausen; Little; Anderson, B.; Housley; and Cwodzinski introduced--

S.F. No. 3548: A bill for an act relating to taxation; individual income; expanding the subtraction for military retirement pay; amending Minnesota Statutes 2017 Supplement, section 290.0132, subdivision 21.

Referred to the Committee on Taxes.

Senators Dziezic and Senjem introduced--

S.F. No. 3549: A bill for an act relating to economic development; extending the angel investment credit; making technical and conforming changes; amending Minnesota Statutes 2016, section

116J.8737, subdivision 5; repealing Minnesota Statutes 2016, section 116J.8737, subdivision 12; Minnesota Statutes 2017 Supplement, section 290.0692, subdivision 6.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senator Lang introduced--

S.F. No. 3550: A bill for an act relating to agriculture; requiring monitoring for nitrogen on certain state lands; amending Minnesota Statutes 2016, section 103H.175, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senator Lang introduced--

S.F. No. 3551: A bill for an act relating to transportation; modifying provisions governing mowing highway and road rights-of-way; providing penalties; amending Minnesota Statutes 2016, sections 160.23; 160.232; 160.2715; proposing coding for new law in Minnesota Statutes, chapter 160.

Referred to the Committee on Transportation Finance and Policy.

Senators Ruud, Pappas, Franzen, and Dibble introduced--

S.F. No. 3552: A bill for an act relating to capital investment; appropriating money for RIM and other conservation purposes; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Benson and Abeler introduced--

S.F. No. 3553: A bill for an act relating to human services; clarifying counted income for eligibility determinations for public assistance and child care programs; amending Minnesota Statutes 2016, sections 256B.02, by adding a subdivision; 256B.056, subdivisions 3, 4; 256J.08, subdivision 47; 256L.01, subdivision 5; 256P.04, subdivision 4; 256P.06, subdivision 3; Minnesota Statutes 2017 Supplement, sections 119B.09, subdivision 4; 256J.21, subdivision 2.

Referred to the Committee on Human Services Reform Finance and Policy.

Senator Benson introduced--

S.F. No. 3554: A bill for an act relating to state personnel; requiring certain information about collective bargaining agreements and compensation plans be submitted to the Legislative Coordinating Commission; amending Minnesota Statutes 2016, section 3.855, by adding a subdivision.

Referred to the Committee on State Government Finance and Policy and Elections.

Senator Benson introduced--

S.F. No. 3555: A bill for an act relating to state government; requiring pay increases for state personnel be tied to performance; amending Minnesota Statutes 2016, section 43A.20.

Referred to the Committee on State Government Finance and Policy and Elections.

Senator Benson introduced--

S.F. No. 3556: A bill for an act relating to health; prohibiting prepayment by a network provider; amending Minnesota Statutes 2016, sections 62J.25; 62K.11.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Goggin and Tomassoni introduced--

S.F. No. 3557: A bill for an act relating to workforce development; appropriating money for a grant to the pathway to preservations trades program.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Goggin and Pratt introduced--

S.F. No. 3558: A bill for an act relating to energy; establishing an energy conservation utility stakeholder group; amending Minnesota Statutes 2017 Supplement, section 216B.241, subdivision 1d.

Referred to the Committee on Energy and Utilities Finance and Policy.

Senator Johnson introduced--

S.F. No. 3559: A bill for an act relating to local government aid; modifying provisions on aid for certain transportation wetlands; amending Minnesota Statutes 2016, section 477A.11, subdivision 7.

Referred to the Committee on Taxes.

Senator Mathews introduced--

S.F. No. 3560: A bill for an act relating to state government; prohibiting state contracts with state sponsors of terrorism and foreign terrorist organizations; proposing coding for new law in Minnesota Statutes, chapter 16C.

Referred to the Committee on State Government Finance and Policy and Elections.

Senators Carlson and Dibble introduced--

S.F. No. 3561: A bill for an act relating to transportation; modifying certain bicycle traffic regulations, powers, and duties; modifying certain Department of Transportation powers and duties

related to bikeways and state bicycle routes; broadening active transportation program eligibility; amending Minnesota Statutes 2016, sections 169.011, subdivisions 5, 9; 169.18, subdivision 3; 169.222, subdivisions 1, 4; Minnesota Statutes 2017 Supplement, sections 160.02, subdivision 1a; 160.262, subdivisions 1, 3; 160.266, subdivisions 3, 5; 174.38, subdivision 5.

Referred to the Committee on Transportation Finance and Policy.

Senators Hall, Westrom, and Anderson, B. introduced--

S.F. No. 3562: A bill for an act relating to transportation; authorizing data sharing between the Department of Human Services and the Metropolitan Council for special transportation purposes; extending the Metro Mobility service area; amending Minnesota Statutes 2016, sections 13.72, subdivision 10; 473.386, subdivision 3; Minnesota Statutes 2017 Supplement, section 13.46, subdivision 2.

Referred to the Committee on Local Government.

Senator Senjem introduced--

S.F. No. 3563: A bill for an act relating to capital investment; modifying a prior appropriation for Civil Air Patrol facilities; amending Laws 2017, First Special Session chapter 3, article 1, section 2, subdivision 2.

Referred to the Committee on Capital Investment.

Senator Westrom introduced--

S.F. No. 3564: A bill for an act relating to motor vehicles; modifying powers and duties related to weight limit enforcement; making technical changes; amending Minnesota Statutes 2016, sections 169.771, subdivision 2; 169.85, by adding subdivisions; 169.872, subdivision 1.

Referred to the Committee on Transportation Finance and Policy.

Senator Westrom introduced--

S.F. No. 3565: A bill for an act relating to property taxes; amending the agricultural homestead classification requirements for business entities; amending Minnesota Statutes 2016, section 273.124, subdivision 8.

Referred to the Committee on Taxes.

Senator Utke introduced--

S.F. No. 3566: A bill for an act relating to natural resources; prohibiting certain actions to obtain access to land in Clearwater County.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senator Anderson, P. introduced--

S.F. No. 3567: A bill for an act relating to transportation; creating a metropolitan congestion management component of the corridors of commerce program; reforming the metropolitan fiscal disparities program; providing for payments to the trunk highway fund; amending Minnesota Statutes 2016, sections 161.088, subdivision 1, by adding subdivisions; 167.60; 473F.02, subdivisions 2, 4; 473F.06; 473F.07, subdivisions 1, 4, 5, by adding subdivisions; 473F.08, subdivision 2, by adding a subdivision; 477A.011, subdivision 20; Minnesota Statutes 2017 Supplement, sections 161.088, subdivision 5; 477A.0124, subdivision 2.

Referred to the Committee on Transportation Finance and Policy.

Senator Goggin introduced--

S.F. No. 3568: A bill for an act relating to human services; modifying household pets allowed in family day care homes; amending Minnesota Statutes 2016, section 245A.14, by adding a subdivision.

Referred to the Committee on Human Services Reform Finance and Policy.

Senators Dahms and Westrom introduced--

S.F. No. 3569: A bill for an act relating to transportation; establishing a moratorium on permits to mow or hay trunk highway rights-of-way.

Referred to the Committee on Transportation Finance and Policy.

Senators Kent, Eaton, and Lourey introduced--

S.F. No. 3570: A bill for an act relating to human services; appropriating money for substance abuse recovery services.

Referred to the Committee on Human Services Reform Finance and Policy.

Senator Chamberlain introduced--

S.F. No. 3571: A bill for an act relating to mass transit; requiring a transit system development implementation plan.

Referred to the Committee on Transportation Finance and Policy.

Senator Chamberlain introduced--

S.F. No. 3572: A bill for an act relating to education; requiring screening for dyslexia; amending Minnesota Statutes 2017 Supplement, section 120B.12, subdivision 2.

Referred to the Committee on E-12 Policy.

Senator Chamberlain introduced--

S.F. No. 3573: A bill for an act relating to waters; temporarily prohibiting enforcement of certain water appropriation permit conditions.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senators Abeler and Hoffman introduced--

S.F. No. 3574: A bill for an act relating to paternity; amending the statute of limitations for paternity and nonpaternity actions; amending Minnesota Statutes 2016, sections 257.57, subdivisions 1, 2, by adding a subdivision; 257.75, subdivision 4.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Johnson, Koran, and Frentz introduced--

S.F. No. 3575: A bill for an act relating to workforce development; appropriating money for a grant to Advocating Change Together.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Miller, Senjem, Goggin, and Pappas introduced--

S.F. No. 3576: A bill for an act relating to capital investment; appropriating money for development of the Twin Cities-Milwaukee-Chicago (TCMC) second train.

Referred to the Committee on Capital Investment.

Senators Senjem and Hoffman introduced--

S.F. No. 3577: A bill for an act relating to energy; establishing an emerald ash borer removal grant program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 216C.

Referred to the Committee on Energy and Utilities Finance and Policy.

Senator Eken introduced--

S.F. No. 3578: A bill for an act relating to capital investment; establishing a greater Minnesota child care facility capital grant program; appropriating money for grants; authorizing the sale and issuance of state bonds; proposing coding for new law in Minnesota Statutes, chapter 119B.

Referred to the Committee on Capital Investment.

Senator Miller introduced--

S.F. No. 3579: A bill for an act relating to economic development; appropriating money for the redevelopment grant and demolition loan programs.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Bakk and Tomassoni introduced--

S.F. No. 3580: A bill for an act relating to economic development; modifying definition of taconite assistance area; clarifying use of taconite economic development fund; providing for transfer of 2018 distribution; amending Minnesota Statutes 2016, sections 273.1341; 298.28, subdivision 9a; Minnesota Statutes 2017 Supplement, section 298.227.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senators Westrom and Relph introduced--

S.F. No. 3581: A bill for an act relating to transportation; establishing a deputy registrar and driver's license agent reimbursement program; amending allocation of certain motor vehicle fees; making technical and clarifying changes; appropriating money; amending Minnesota Statutes 2016, sections 168.12, subdivisions 1, 2, 2a, 2b, 2c, 2d, 2e, 2g, 5; 168.121, subdivision 1; 168.123, subdivision 1; 168.1235, subdivision 1; 168.1255, subdivision 1; 168.128, subdivision 2; 168.129, subdivision 1; 168.1296, subdivision 1; 168.1297, subdivision 1; 168.1298, subdivision 1; 168.1299, subdivision 1; 168.27, subdivision 11; 168.326; 168.33, subdivision 7; 168.54, subdivision 5; 168A.31, subdivision 1; 299A.705, subdivision 4, by adding subdivisions; Minnesota Statutes 2017 Supplement, sections 168.1256, subdivision 1; 168.1282, subdivision 1; 168.1294, subdivision 1; 168.1295, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 168; repealing Minnesota Statutes 2016, sections 168.1291, subdivision 4; 168A.31, subdivision 2.

Referred to the Committee on Transportation Finance and Policy.

Senators Goggin, Miller, Housley, Senjem, and Anderson, P. introduced--

S.F. No. 3582: A bill for an act relating to capital investment; appropriating money for southeastern Minnesota economic development infrastructure grants; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Ruud introduced--

S.F. No. 3583: A bill for an act relating to capital investment; appropriating money for the Central Lakes College student services and academic support project; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Ruud, Ingebrigtsen, and Frenz introduced--

S.F. No. 3584: A bill for an act relating to natural resources; appropriating money for aggregate mapping.

Referred to the Committee on Environment and Natural Resources Finance.

Senator Rosen introduced--

S.F. No. 3585: A bill for an act relating to retirement; Maplewood Firefighters Relief Association; modifying distribution requirements; requiring dissolution.

Referred to the Committee on State Government Finance and Policy and Elections.

Senator Laine introduced--

S.F. No. 3586: A bill for an act relating to capital investment; appropriating money to replace the Rice Creek railroad bridge in New Brighton.

Referred to the Committee on Capital Investment.

Senators Hall, Hoffman, and Clausen introduced--

S.F. No. 3587: A bill for an act relating to corrections; establishing the Mama's Bus pilot project to provide parent and child bonding and literacy for incarcerated women and their children; appropriating money.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Hayden introduced--

S.F. No. 3588: A bill for an act relating to liquor; authorizing the city of Minneapolis to issue an on-sale intoxicating liquor license.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Westrom and Johnson introduced--

S.F. No. 3589: A bill for an act relating to transportation; prohibiting policies that limit mowing or haying of trunk highway right-of-way unless approved by law; amending Minnesota Statutes 2016, section 160.2715.

Referred to the Committee on Transportation Finance and Policy.

Senator Johnson introduced--

S.F. No. 3590: A bill for an act relating to economic development; modifying restrictions on local government loan repayment funds.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senator Wiklund introduced--

S.F. No. 3591: A bill for an act relating to education; requiring school board policy on student deaths; proposing coding for new law in Minnesota Statutes, chapter 123B.

Referred to the Committee on E-12 Policy.

Senators Cwodzinski, Tomassoni, Bakk, and Eken introduced--

S.F. No. 3592: A bill for an act relating to education finance; increasing pupil transportation funding; appropriating money; amending Minnesota Statutes 2016, section 126C.10, subdivision 18; Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 2.

Referred to the Committee on E-12 Finance.

Senator Isaacson introduced--

S.F. No. 3593: A bill for an act relating to higher education; requiring a University of Minnesota faculty member to serve on the Board of Regents; proposing coding for new law in Minnesota Statutes, chapter 137.

Referred to the Committee on Higher Education Finance and Policy.

Senator Isaacson introduced--

S.F. No. 3594: A bill for an act relating to higher education; empowering the Board of Regents of the University of Minnesota to remove a regent for malfeasance or nonfeasance; amending Minnesota Statutes 2016, section 137.02, by adding a subdivision.

Referred to the Committee on Higher Education Finance and Policy.

Senator Isaacson introduced--

S.F. No. 3595: A bill for an act relating to higher education; replacing the Regent Candidate Advisory Council with a Legislative Commission on Regent Selection; amending Minnesota Statutes 2016, sections 137.0245; 137.0246.

Referred to the Committee on Higher Education Finance and Policy.

Senator Weber introduced--

S.F. No. 3596: A bill for an act relating to biodiesel; allowing the minimum biodiesel content level for diesel fuel to be modified during certain times of the year; extending Number 1 diesel exemption; amending Minnesota Statutes 2016, section 239.77, subdivisions 2, 3a.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Latz, Senjem, Pappas, Ingebrigtsen, and Hayden introduced--

S.F. No. 3597: A bill for an act relating to capital investment; appropriating money for expansion and renovation of the Perspectives Family Center facility in St. Louis Park.

Referred to the Committee on Capital Investment.

Senator Limmer introduced--

S.F. No. 3598: A bill for an act relating to public safety; addressing continued authority of tribal law enforcement agencies upon revocation by the local unit of government of the underlying cooperating agreement; amending Minnesota Statutes 2016, sections 626.90, by adding a subdivision; 626.91, by adding a subdivision; 626.92, by adding a subdivision; 626.93, by adding a subdivision.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Chamberlain introduced--

S.F. No. 3599: A bill for an act relating to commerce; modifying allowable finance charges for loans; amending Minnesota Statutes 2016, section 47.59, subdivisions 3, 6.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Housley, Koran, Newton, Pappas, and Anderson, P. introduced--

S.F. No. 3600: A bill for an act relating to liquor; authorizing the issuance of an off-sale intoxicating liquor license to food retailers; amending Minnesota Statutes 2016, sections 340A.101, by adding a subdivision; 340A.405, subdivision 1; 340A.412, subdivision 3, by adding a subdivision; 340A.413, subdivision 5; 340A.503, subdivision 4.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Abeler, Benson, Koran, Gazelka, and Dahms introduced--

S.F. No. 3601: A bill for an act relating to insurance; health; modifying requirements for health insurance underwriting, renewability, and benefits; creating the Minnesota health risk pool program; allowing the creation of unified personal health premium accounts; creating the Minnesota health contribution program; requesting waivers; amending Minnesota Statutes 2016, sections 13.7191, by adding a subdivision; 60A.235, by adding a subdivision; 62A.65, subdivisions 3, 5, by adding a subdivision; 62L.03, subdivision 3, by adding a subdivision; 62L.08, subdivision 7, by adding a subdivision; 62Q.18, subdivision 10; 62V.05, subdivision 3; 290.0132, by adding a subdivision; 297I.05, subdivisions 1, 5; Minnesota Statutes 2017 Supplement, section 3.971, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 62A; 62K; 62Q; 256L; proposing coding for new law as Minnesota Statutes, chapters 62W; 62X; repealing Minnesota Statutes 2016, sections 62A.303; 62A.65, subdivision 2; 62L.08, subdivision 4; 62L.12, subdivisions 3, 4.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Koran, Rosen, Jasinski, and Anderson, P. introduced--

S.F. No. 3602: A bill for an act relating to infrastructure development; authorizing public-private partnerships for certain infrastructure projects; proposing coding for new law as Minnesota Statutes, chapter 16F.

Referred to the Committee on State Government Finance and Policy and Elections.

Senators Dziezic and Pappas introduced--

S.F. No. 3603: A bill for an act relating to public safety; excepting application of the criminal offender rehabilitation statute from certain background checks; amending Minnesota Statutes 2017 Supplement, section 364.09.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Dziezic and Pappas introduced--

S.F. No. 3604: A bill for an act relating to public safety; amending various provisions related to predatory offender registration; amending Minnesota Statutes 2016, sections 171.07, subdivision 1a; 243.166, subdivisions 1a, 1b, 2, 4, 4a, 4c, 5, 6, 7, 7a, by adding a subdivision; 299C.093.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Pappas and Laine introduced--

S.F. No. 3605: A bill for an act relating to public safety; establishing a crime for manufacturing, transferring, or possessing certain assault weapons; providing for disposal or registration of existing assault weapons; defining terms; classifying data; clarifying language; providing criminal penalties; amending Minnesota Statutes 2016, sections 13.87, subdivision 2; 624.712, subdivision 7, by adding subdivisions; 624.713; proposing coding for new law in Minnesota Statutes, chapter 624.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senators Dziezic and Dibble introduced--

S.F. No. 3606: A bill for an act relating to education; requiring a school counselor in every school; appropriating money; amending Minnesota Statutes 2016, section 121A.39.

Referred to the Committee on E-12 Policy.

Senator Nelson introduced--

S.F. No. 3607: A bill for an act relating to capital investment; authorizing the commissioner of education to award school safety facility grants to school districts to enhance safety for students and staff; appropriating money; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Kiffmeyer introduced--

S.F. No. 3608: A bill for an act relating to education finance; enhancing equalization aid; increasing state aid for the debt service equalization aid program and the operating referendum revenue program; appropriating money; amending Minnesota Statutes 2016, sections 123B.53, subdivisions 4, 5; 126C.17, subdivision 6.

Referred to the Committee on E-12 Finance.

Senators Hoffman and Pratt introduced--

S.F. No. 3609: A bill for an act relating to human services; requiring an audit to identify third-party liability related to Minnesota health care programs; allowing the commissioner of human services to contract with a vendor for third-party recovery.

Referred to the Committee on Health and Human Services Finance and Policy.

Senators Anderson, P.; Bakk; Housley; Johnson; and Sparks introduced--

S.F. No. 3610: A bill for an act relating to insurance; regulating certain coverage exclusions; proposing coding for new law in Minnesota Statutes, chapter 60A.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Johnson, Benson, Rosen, and Mathews introduced--

S.F. No. 3611: A bill for an act relating to human services; requiring commissioner of human services to seek a federal waiver to establish a work and community engagement requirement for certain medical assistance enrollees.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Fischbach introduced--

S.F. No. 3612: A bill for an act relating to the State Fire Code; requiring inspections by the state fire marshal of places of public accommodation; creating a dedicated account in the special revenue fund; appropriating money; amending Minnesota Statutes 2016, section 299F.391, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapter 299F.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Benson introduced--

S.F. No. 3613: A bill for an act relating to health; modifying swing bed approval; amending Minnesota Statutes 2017 Supplement, section 144.562, subdivision 2.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Hawj introduced--

S.F. No. 3614: A bill for an act relating to the military; establishing the Living Initiatives for Equity program for veterans and current and former military members and their families; proposing coding for new law in Minnesota Statutes, chapter 197.

Referred to the Committee on Veterans and Military Affairs Finance and Policy.

Senator Anderson, B. introduced--

S.F. No. 3615: A bill for an act relating to capital investment; appropriating money for a regional park in Montrose; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Ingebrigtsen introduced--

S.F. No. 3616: A bill for an act relating to capital investment; appropriating money for a segment of the Perham to Pelican Rapids Recreational Trail; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Eaton and Klein introduced--

S.F. No. 3617: A bill for an act relating to health; allowing individuals to execute a voluntary nonopioid directive; directing the Board of Pharmacy to develop a format and guidelines for the directive; proposing coding for new law in Minnesota Statutes, chapter 151.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Newton introduced--

S.F. No. 3618: A bill for an act relating to motor vehicles; establishing "Lions Clubs International" special license plates; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 168.

Referred to the Committee on Transportation Finance and Policy.

Senator Newton introduced--

S.F. No. 3619: A bill for an act relating to transportation; directing the Department of Transportation to erect certain signs on marked Interstate Highway 35.

Referred to the Committee on Transportation Finance and Policy.

Senators Frentz, Marty, and Eaton introduced--

S.F. No. 3620: A bill for an act relating to waters; appropriating money to reduce nutrients in Minnesota River basin.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senator Dahms introduced--

S.F. No. 3621: A bill for an act relating to liquor; clarifying the citation of Minnesota Statutes, chapter 340A; amending Minnesota Statutes 2016, section 340A.901.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Senators Nelson, Draheim, Eken, and Senjem introduced--

S.F. No. 3622: A bill for an act relating to workforce development; requiring the commissioner of labor and industry to collaborate on construction and skilled trades career counseling; requiring a report on the safety of minors on construction sites.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senator Dibble introduced--

S.F. No. 3623: A bill for an act relating to health; requiring a report on strategies to achieve health equity and ending the HIV epidemic.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Dibble introduced--

S.F. No. 3624: A bill for an act relating to health; establishing a pilot program to provide universal access for PrEP and PEP treatment programs; appropriating money.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Dibble introduced--

S.F. No. 3625: A bill for an act relating to health; establishing the Interagency Council on Ending HIV/AIDS in Minnesota; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Dibble introduced--

S.F. No. 3626: A bill for an act relating to education finance; funding universal voluntary prekindergarten; amending Minnesota Statutes 2016, sections 124D.15, subdivisions 1, 3a; 124D.151, subdivision 2; Minnesota Statutes 2017 Supplement, sections 124D.151, subdivisions 5, 6; 124D.165, subdivision 3.

Referred to the Committee on E-12 Policy.

Senator Dibble introduced--

S.F. No. 3627: A bill for an act relating to public safety; requiring an assessment of the Minnesota Licensing and Registration System; establishing a steering committee; appropriating money; amending Minnesota Statutes 2017 Supplement, section 3.971, subdivision 2.

Referred to the Committee on Transportation Finance and Policy.

Senator Dibble introduced--

S.F. No. 3628: A bill for an act relating to energy; establishing a grant program to assist public school districts to install solar energy systems; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 216C.

Referred to the Committee on Energy and Utilities Finance and Policy.

Senator Dibble introduced--

S.F. No. 3629: A bill for an act relating to employment; requiring employers to provide seats for employees; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 181.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senator Dibble introduced--

S.F. No. 3630: A bill for an act relating to judicial salaries; adjusting basis for determining salary for judges of Workers' Compensation Court of Appeals; amending Minnesota Statutes 2017 Supplement, section 15A.083, subdivision 7.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senator Dibble introduced--

S.F. No. 3631: A bill for an act relating to transportation; modifying application procedures and requirements for driver's license; creating driving privilege license and setting fee for issuance; amending Minnesota Statutes 2016, section 171.01, subdivisions 37, 49a, by adding a subdivision; Minnesota Statutes 2017 Supplement, sections 171.06, subdivisions 1, 2, 3; 171.07, subdivision 1.

Referred to the Committee on Transportation Finance and Policy.

Senator Dibble introduced--

S.F. No. 3632: A bill for an act relating to motor vehicles; regulating autonomous vehicles; amending Minnesota Statutes 2016, sections 169.011, by adding subdivisions; 169.13, subdivision 3; 169.18, subdivision 8; 169.468, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 174.

Referred to the Committee on Transportation Finance and Policy.

MOTIONS AND RESOLUTIONS

Senator Miller moved that the name of Senator Nelson be added as a co-author to S.F. No. 67. The motion prevailed.

Senator Housley moved that the names of Senators Eken and Newton be added as co-authors to S.F. No. 919. The motion prevailed.

Senator Relph moved that the name of Senator Eken be added as a co-author to S.F. No. 2186. The motion prevailed.

Senator Limmer moved that the name of Senator Newton be added as a co-author to S.F. No. 2525. The motion prevailed.

Senator Weber moved that the name of Senator Nelson be added as a co-author to S.F. No. 2549. The motion prevailed.

Senator Weber moved that the name of Senator Nelson be added as a co-author to S.F. No. 2550. The motion prevailed.

Senator Lang moved that the name of Senator Frentz be added as a co-author to S.F. No. 2551. The motion prevailed.

Senator Johnson moved that the name of Senator Utke be added as a co-author to S.F. No. 2720. The motion prevailed.

Senator Hayden moved that the name of Senator Miller be added as a co-author to S.F. No. 2786. The motion prevailed.

Senator Relph moved that the name of Senator Benson be added as a co-author to S.F. No. 2988. The motion prevailed.

Senator Hall moved that the name of Senator Utke be added as a co-author to S.F. No. 3135. The motion prevailed.

Senator Lourey moved that the name of Senator Rosen be added as a co-author to S.F. No. 3173. The motion prevailed.

Senator Pappas moved that the name of Senator Latz be added as a co-author to S.F. No. 3227. The motion prevailed.

Senator Bigham moved that the name of Senator Wiger be added as a co-author to S.F. No. 3249. The motion prevailed.

Senator Anderson, B. moved that the names of Senators Bigham and Newton be added as co-authors to S.F. No. 3261. The motion prevailed.

Senator Laine moved that the name of Senator Pappas be added as a co-author to S.F. No. 3280. The motion prevailed.

Senator Utke moved that the name of Senator Lourey be added as a co-author to S.F. No. 3286. The motion prevailed.

Senator Isaacson moved that his name be stricken as a co-author to S.F. No. 3331. The motion prevailed.

Senator Franzen moved that the name of Senator Champion be added as a co-author to S.F. No. 3357. The motion prevailed.

Senator Hayden moved that the names of Senators Dziejczic and Pappas be added as co-authors to S.F. No. 3385. The motion prevailed.

Senator Weber moved that the name of Senator Sparks be added as a co-author to S.F. No. 3410. The motion prevailed.

Senator Draheim moved that the name of Senator Lang be added as a co-author to S.F. No. 3426. The motion prevailed.

Senator Draheim moved that the name of Senator Lang be added as a co-author to S.F. No. 3427. The motion prevailed.

Senator Housley moved that the names of Senators Abeler and Eken be added as co-authors to S.F. No. 3450. The motion prevailed.

Senator Housley moved that the names of Senators Abeler and Eken be added as co-authors to S.F. No. 3451. The motion prevailed.

Senator Utke moved that the name of Senator Tomassoni be added as a co-author to S.F. No. 3463. The motion prevailed.

Senator Housley moved that the name of Senator Utke be added as a co-author to S.F. No. 2605. The motion prevailed.

Senator Utke moved that S.F. No. 2234 be withdrawn from the Committee on Jobs and Economic Growth Finance and Policy and re-referred to the Committee on Capital Investment. The motion prevailed.

Senator Ingebrigtsen moved that S.F. No. 2585 be withdrawn from the Committee on State Government Finance and Policy and Elections and re-referred to the Committee on Judiciary and Public Safety Finance and Policy. The motion prevailed.

Senator Jasinski moved that S.F. No. 2704 be withdrawn from the Committee on Commerce and Consumer Protection Finance and Policy and re-referred to the Committee on Local Government. The motion prevailed.

Senator Westrom moved that S.F. No. 3075 be withdrawn from the Committee on Jobs and Economic Growth Finance and Policy and re-referred to the Committee on Capital Investment. The motion prevailed.

Senator Limmer moved that S.F. No. 3183 be withdrawn from the Committee on Jobs and Economic Growth Finance and Policy and re-referred to the Committee on Judiciary and Public Safety Finance and Policy. The motion prevailed.

Senator Housley moved that S.F. No. 3202 be withdrawn from the Committee on State Government Finance and Policy and Elections and re-referred to the Committee on Finance. The motion prevailed.

Senator Mathews moved that S.F. No. 3248 be withdrawn from the Committee on Energy and Utilities Finance and Policy and re-referred to the Committee on Commerce and Consumer Protection Finance and Policy. The motion prevailed.

Senator Lang moved that S.F. No. 3295 be withdrawn from the Committee on Environment and Natural Resources Policy and Legacy Finance and re-referred to the Committee on Environment and Natural Resources Finance. The motion prevailed.

Senator Senjem moved that S.F. No. 3289 be withdrawn from the Committee on Capital Investment and re-referred to the Committee on Transportation Finance and Policy. The motion prevailed.

Senator Senjem moved that S.F. No. 3409 be withdrawn from the Committee on Capital Investment and re-referred to the Committee on Taxes. The motion prevailed.

Senator Nelson moved that S.F. No. 3301 be withdrawn from the Committee on Taxes and re-referred to the Committee on Agriculture, Rural Development, and Housing Policy. The motion prevailed.

Senators Osmek, Ingebrigsten, and Newman introduced --

Senate Resolution No. 188: A Senate resolution congratulating the Orono High School boys hockey team on winning the 2018 State High School Class 1A boys hockey championship.

Referred to the Committee on Rules and Administration.

Senators Anderson, P. and Miller introduced --

Senate Resolution No. 189: A Senate resolution honoring Education and Sharing Day in Minnesota on March 27, 2018, and recognizing the 56th Anniversary of Chabad Lubavitch.

Referred to the Committee on Rules and Administration.

Senator Kent introduced --

Senate Resolution No. 190: A Senate resolution congratulating the Reverend Roosevelt Hunter, Sr. of Woodbury on his 80th birthday.

Referred to the Committee on Rules and Administration.

Senator Hayden introduced --

Senate Resolution No. 191: A Senate resolution recognizing the musical accomplishments of Jose' James of Minneapolis, Minnesota.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 26, Senator Gazelka, Chair of the Committee on Rules and Administration, designated S.F. No. 3133 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 3133: A bill for an act relating to public safety; requiring the Legislative Advisory Committee to review MNLARS appropriation; appropriating money.

Senator Newman moved to amend S.F. No. 3133 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **INFORMATION TECHNOLOGY AUDITOR; MNLARS ASSESSMENTS.**

Subdivision 1. **Appointment.** The legislative auditor must appoint an information technology auditor to actively monitor and report on the development and implementation of the Minnesota Licensing and Registration System (MNLARS). At a minimum, the person appointed to this position must have expertise in .NET coding.

Subd. 2. **Duties.** (a) The information technology auditor must conduct an assessment of MNLARS. The assessment must be provided to the MNLARS Steering Committee upon completion. At a minimum, the assessment must include:

(1) a technical assessment of the MNLARS system;

(2) an assessment of the feasibility of the MNLARS Project Roadmap proposed in January 2018, and any new or updated project roadmaps;

(3) an assessment of estimated funding needs for the continued development, operations, and maintenance of the MNLARS system; and

(4) an assessment of process changes and business flows for auto dealers and deputy registrars.

(b) The information technology auditor must make quarterly reports to the MNLARS Steering Committee, established in section 2, on:

(1) whether the commissioner of public safety and the chief information officer are in compliance with the plans required in section 2, subdivision 4; and

(2) whether the commissioner of public safety and the chief information officer are meeting the deadlines and performance measures in the timeline required in section 2, subdivision 4.

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

Sec. 2. **MNLARS STEERING COMMITTEE; QUARTERLY FUNDING REVIEW.**

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

(b) "Committee" means the MNLARS Steering Committee established in this section.

(c) "Commissioner" means the commissioner of management and budget or the commissioner's designee.

(d) "MNLARS" means the Minnesota Licensing and Registration System developed by the Department of Public Safety and the Office of MN.IT Services.

(e) "Information technology auditor" means the individual appointed by the legislative auditor pursuant to section 1, subdivision 1.

(f) "Quarter" means a three-month period starting on July 1, October 1, January 1, and April 1, in fiscal year 2019.

Subd. 2. **Meetings.** (a) The senate chair of the committee with jurisdiction over transportation finance must convene the initial meeting of the committee by May 1, 2018.

(b) The chairs of the house of representatives and senate committees with jurisdiction over transportation finance serve as cochairs of the committee.

(c) The committee must meet, at a minimum, once each quarter. The committee must review the report from the information technology auditor.

(d) The committee is subject to Minnesota Statutes, section 3.055, except that a member may vote by submitting a written statement indicating what recommendation the member makes, as provided in subdivision 5. This written statement must be treated in the same manner as the votes of the members present at the meeting. The notice must be submitted to all members prior to the start of the meeting where the vote will take place.

(e) The Legislative Coordinating Commission must provide meeting space and administrative services for the committee.

Subd. 3. **MNLARS Steering Committee.** (a) The committee is made up of the following members:

(1) the senate majority leader, or a senator appointed by the majority leader;

(2) the chair and ranking minority member of the senate committee with jurisdiction over transportation finance;

(3) the speaker of the house of representatives, or a member of the house of representatives appointed by the speaker; and

(4) the chair and ranking minority member of the house of representatives committee with jurisdiction over transportation finance.

Subd. 4. **Plans; timeline; performance measures; reports.** (a) By May 15, 2018, the commissioner of public safety and the state chief information officer must submit to the committee:

(1) a proposed progress timeline for the development and implementation of MNLARS that includes specific deadlines and performance measures that must be met quarterly;

(2) a plan for user acceptance testing, including metropolitan and out-state deputy registrars and auto dealers, to the extent such testing is deemed feasible by the Minnesota Deputy Registrar's Association and the Minnesota Automobile Dealer's Association;

(3) a plan for system stakeholder input on code releases to the MNLARS system;

(4) a proposed communications plan for transparent reporting on outages and slowdowns to system stakeholders, including how to provide timely information in a usable format, actions taken in response to communication, and responses from the Department of Public Safety and the Office of MN.IT Services;

(5) a proposed communications plan for postrelease reporting on features and fixes to system stakeholders; and

(6) a proposed plan for creating greater efficiencies and streamlining the vehicle title process to reduce the current backlog and to minimize any future backlogs.

(b) At a minimum, the performance measures required in the timeline must provide specific metrics to monitor MNLARS development and implementation activities, including measures of:

(1) the extent to which MNLARS defects have been resolved;

(2) the extent to which gaps in MNLARS functionality have been resolved;

(3) improvements in the ability of MNLARS users to edit transactions;

(4) reduction in the backlog of vehicle titles;

(5) the extent of errors in driver or vehicle transactions;

(6) system performance, including the extent of any slowdowns, outages, or other system performance issues; and

(7) customer service responsiveness, which may include the number of phone calls and e-mails from the general public and stakeholders, and the timeliness of inquiry responses.

(c) The committee must review the proposed timeline and plans. The committee may request that the commissioner of public safety and the state chief information officer make changes to the timeline and plans. By June 1, 2018, the committee must approve a timeline and plans. The cochairs must transmit copies of the timeline and plans to the information technology auditor.

(d) Between 20 and 30 days before the start of each quarter, the commissioner of public safety and the state chief information officer must each submit a report to the committee on the progress of the performance measures identified in paragraph (b). Between 20 and 30 days before the start

of each quarter, the Minnesota Deputy Registrar's Association and the Minnesota Automobile Dealer's Association are each encouraged to submit a report to the committee on the progress of the relevant performance measures identified in paragraph (b).

Subd. 5. **Review of MNLARS appropriation.** (a) Funds appropriated to the Department of Public Safety for MNLARS are divided into four equal quarters. The commissioner must allot a quarter of the funds on July 1, October 1, January 1, and April 1, unless directed otherwise by the committee as provided in this section. Twenty days prior to the start of a quarter, the commissioner must submit the proposed funding allotment to the members of the committee for review and recommendation. The commissioner of public safety and the state chief information officer must provide information to the committee to enable the committee members to determine whether the deadlines and performance measures have been met for the quarter. The committee members have 20 days from the receipt of the proposal to determine whether the Department of Public Safety and the Office of MN.IT Services have met the deadlines and performance measures established in subdivision 4. If no recommendation is made during the 20-day review period, the commissioner may allot the quarterly funds to the Department of Public Safety for MNLARS. If a majority of the committee members make a negative recommendation based on the failure to meet deadlines or performance measures or recommend further review to determine whether deadlines and performance measures have been met during the 20-day review period, the committee may defer all future payments, slow the next allotment, or condition the next allotment. Accordingly, the commissioner must defer, slow, or condition the quarterly funds to the Department of Public Safety for MNLARS.

(b) A committee member, by written notice to the commissioner, may withdraw a negative recommendation or a recommendation for further review within 20 days of making the recommendation. If a majority of members make a negative recommendation or a recommendation for further review, but members subsequently withdraw recommendations under this paragraph so that two or fewer recommendations remain, the commissioner may allot the quarterly funds to the Department of Public Safety for MNLARS.

(c) If a quarterly allotment is not made pursuant to paragraph (a), the commissioner must allot to the Department of Public Safety an amount sufficient to fund an additional 30 days for contracted technical staff working on MNLARS. If negative recommendations or recommendations for further review are withdrawn pursuant to paragraph (b) after the partial allotment is made under this paragraph, the commissioner must allot the remainder of the quarterly allotment.

Subd. 6. **Resubmission of proposal.** If a proposed allotment receives a negative recommendation or a recommendation for further review under subdivision 3, and all of the negative recommendations and recommendations for further review are not withdrawn, the commissioner may submit proposed legislation to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee for consideration during the 2019 legislative session.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any fiscal year 2019 appropriation for MNLARS in this act or any subsequent act.

Sec. 3. **APPROPRIATIONS.**

(a) \$9,650,000 in fiscal year 2018 is appropriated from the special revenue fund to the commissioner of public safety for contracted technical staff and technical costs related to the continued

development and improvement of the Minnesota Licensing and Registration System (MNLARS). Of this amount, \$2,150,000 is from the vehicle services operating account and \$7,500,000 is from the driver services operating account. These are onetime appropriations.

The appropriation in this paragraph may be expended only for:

(1) contracts for the performance of software development on the vehicle services component of MNLARS; and

(2) technology costs.

The appropriation in this paragraph must not be spent on:

(1) additional full or part-time employees employed by the Department of Public Safety; or

(2) an audit, evaluation, or assessment of the feasibility of a proposed plan to resolve defects and implement all functionality conducted by the Department of Public Safety or the Office of MN.IT Services or an entity hired by the Department of Public Safety or the Office of MN.IT Services.

(b) \$100,000 in fiscal year 2018 and \$250,000 in fiscal year 2019 are appropriated to the Office of the Legislative Auditor from the vehicle services operating account in the special revenue fund for the information technology auditor position established in section 1. This is a onetime appropriation.

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

Amend the title accordingly

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on S.F. No. 3133. The Sergeant at Arms was instructed to bring in the absent members.

Senator Dibble moved to amend the Newman amendment to S.F. No. 3133 as follows:

Page 4, line 34, delete "two" and insert "three"

The motion prevailed. So the amendment to the amendment was adopted.

Senator Kent moved to amend the Newman amendment to S.F. No. 3133 as follows:

Page 5, line 18, delete "contracted technical staff and technical costs related to"

Page 5, delete lines 23 to 31

Page 6, delete lines 1 and 2

The question was taken on the adoption of the Kent amendment to the Newman amendment.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Bakk	Dibble	Hayden	Little	Sparks
Bigham	Dziedzic	Hoffman	Lourey	Tomassoni
Carlson	Eaton	Isaacson	Marty	Torres Ray
Champion	Eken	Kent	Newton	Wiger
Clausen	Franzen	Klein	Pappas	Wiklund
Cohen	Frentz	Laine	Rest	
Cwodzinski	Hawj	Latz	Simonson	

Those who voted in the negative were:

Abeler	Eichorn	Jasinski	Mathews	Rosen
Anderson, B.	Fischbach	Jensen	Miller	Ruud
Anderson, P.	Gazelka	Johnson	Nelson	Senjem
Benson	Goggin	Kiffmeyer	Newman	Utke
Chamberlain	Hall	Koran	Osmek	Weber
Dahms	Housley	Lang	Pratt	Westrom
Draheim	Ingebrigtsen	Limmer	Relph	

The motion did not prevail. So the amendment to the amendment was not adopted.

Senator Dibble moved to amend the Newman amendment to S.F. No. 3133 as follows:

Page 3, line 25, after the semicolon, insert "and"

Page 3, line 27, delete "; and" and insert a period

Page 3, delete lines 28 and 29

The question was taken on the adoption of the Dibble amendment to the Newman amendment.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Bakk	Dibble	Hayden	Little	Sparks
Bigham	Dziedzic	Hoffman	Lourey	Tomassoni
Carlson	Eaton	Isaacson	Marty	Torres Ray
Champion	Eken	Kent	Newton	Wiger
Clausen	Franzen	Klein	Pappas	Wiklund
Cohen	Frentz	Laine	Rest	
Cwodzinski	Hawj	Latz	Simonson	

Those who voted in the negative were:

Abeler	Eichorn	Jasinski	Mathews	Rosen
Anderson, B.	Fischbach	Jensen	Miller	Ruud
Anderson, P.	Gazelka	Johnson	Nelson	Senjem
Benson	Goggin	Kiffmeyer	Newman	Utke
Chamberlain	Hall	Koran	Osmek	Weber
Dahms	Housley	Lang	Pratt	Westrom
Draheim	Ingebrigtsen	Limmer	Relph	

The motion did not prevail. So the amendment to the amendment was not adopted.

Senator Bakk moved to amend the Newman amendment to S.F. No. 3133 as follows:

Page 6, after line 6, insert:

"(c) \$33,000,000 in fiscal year 2019 is appropriated from the general fund to the commissioner of public safety for continued development and improvement of the Minnesota Licensing and Registration System."

The question was taken on the adoption of the Bakk amendment to the Newman amendment.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Bakk	Dibble	Hayden	Little	Sparks
Bigham	Dziedzic	Hoffman	Lourey	Tomassoni
Carlson	Eaton	Isaacson	Marty	Torres Ray
Champion	Eken	Kent	Newton	Wiger
Clausen	Franzen	Klein	Pappas	Wiklund
Cohen	Frentz	Laine	Rest	
Cwodzinski	Hawj	Latz	Simonson	

Those who voted in the negative were:

Abeler	Eichorn	Jasinski	Mathews	Rosen
Anderson, B.	Fischbach	Jensen	Miller	Ruud
Anderson, P.	Gazelka	Johnson	Nelson	Senjem
Benson	Goggin	Kiffmeyer	Newman	Utke
Chamberlain	Hall	Koran	Osmek	Weber
Dahms	Housley	Lang	Pratt	Westrom
Draheim	Ingebrigtsen	Limmer	Relph	

The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the adoption of the Newman amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

S.F. No. 3133 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 47 and nays 20, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Jasinski	Mathews	Senjem
Anderson, B.	Fischbach	Jensen	Miller	Simonson
Anderson, P.	Frentz	Johnson	Nelson	Sparks
Benson	Gazelka	Kiffmeyer	Newman	Tomassoni
Chamberlain	Goggin	Klein	Newton	Utke
Clausen	Hall	Koran	Osmek	Weber
Dahms	Hawj	Lang	Pratt	Wiger
Dibble	Hoffman	Limmer	Relph	
Draheim	Housley	Lourey	Rosen	
Eichorn	Ingebrigtsen	Marty	Ruud	

Those who voted in the negative were:

Bakk	Cohen	Franzen	Laine	Rest
Bigham	Cwodzinski	Hayden	Latz	Torres Ray
Carlson	Dziedzic	Isaacson	Little	Westrom
Champion	Eaton	Kent	Pappas	Wiklund

So the bill, as amended, was passed and its title was agreed to.

RECESS

Senator Gazelka moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Limmer from the Committee on Judiciary and Public Safety Finance and Policy, to which was re-referred

S.F. No. 919: A bill for an act relating to commerce; providing financial exploitation protections for older adults and vulnerable adults; proposing coding for new law as Minnesota Statutes, chapter 45A.

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

Page 1, delete subdivision 2

Page 2, delete subdivision 9

Renumber the subdivisions in sequence

Page 3, line 9, after "enforcement" insert "agency"

Page 3, after line 31, insert:

"(1) a determination by the broker-dealer or investment adviser that the disbursement or transaction will not result in financial exploitation of the eligible adult if the broker-dealer or investment adviser initiated the delay of disbursement or hold on the transaction;"

Page 4, line 1, delete "(1)" and insert "(2)" and delete "broker-dealer or investment adviser,"

Page 4, line 4, delete "(2)" and insert "(3)"

Page 4, lines 5, 9, and 22, delete "either of the agencies" and insert "the commissioner, law enforcement agency, lead investigative agency, or prosecuting attorney's office"

Page 4, delete section 8 and insert:

"Sec. 8. [45A.08] RECORDS.

A broker-dealer or investment adviser shall provide access to or copies of records that are relevant to the suspected or attempted financial exploitation of an eligible adult to the lead investigative agency, and to the law enforcement agency, either as part of a referral to the lead investigative agency or to the law enforcement agency, or upon request of the lead investigative agency or the law enforcement agency pursuant to an investigation. The records may include historical records as well as records relating to the most recent transaction or transactions that may comprise financial exploitation of an eligible adult. Records made available to agencies under this section are classified as private data on individuals or nonpublic data as those terms are defined in section 13.02, unless the records are part of an active civil investigation and classified as confidential or protected nonpublic under section 13.39. Nothing in this provision limits or otherwise impedes the authority of the commissioner of commerce to access or examine the books and records of broker-dealers or investment advisers as otherwise provided by law."

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

Senator Miller from the Committee on Jobs and Economic Growth Finance and Policy, to which was referred

S.F. No. 3420: A bill for an act relating to workers' compensation; adopting recommendations of the Workers' Compensation Advisory Council; modifying quorum requirements for the Workers' Compensation Court of Appeals; amending Minnesota Statutes 2016, section 175A.05.

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

Page 2, line 7, delete everything after "effective" and insert "June 1, 2018."

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

Senator Miller from the Committee on Jobs and Economic Growth Finance and Policy, to which was referred

S.F. No. 2565: A bill for an act relating to unemployment insurance; adopting recommendations of the Unemployment Insurance Advisory Council; amending Minnesota Statutes 2016, sections 268.035, subdivisions 4, 12; 268.044, subdivisions 2, 3; 268.047, subdivision 3; 268.051, subdivisions 2a, 3; 268.053, subdivision 1; 268.057, subdivision 5; 268.059; 268.066; 268.067; 268.069, subdivision 1; 268.085, subdivisions 3, 3a; 268.095, subdivision 6a; 268.105, subdivision 6; 268.145, subdivision 1; Minnesota Statutes 2017 Supplement, sections 268.035, subdivisions 15, 20; 268.046, subdivision 1; 268.07, subdivision 1; 268.085, subdivision 13a; 268.095, subdivision 6; 268.18, subdivisions 2b, 5; repealing Minnesota Statutes 2016, section 268.053, subdivisions 4, 5.

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

Senator Ruud from the Committee on Environment and Natural Resources Policy and Legacy Finance, to which was referred

S.F. No. 2878: A bill for an act relating to environment; appropriating money for environmental science and permit review.

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

Senator Ruud from the Committee on Environment and Natural Resources Policy and Legacy Finance, to which was referred

S.F. No. 2983: A bill for an act relating to environment; establishing findings and authorizing listing of wild-rice waters; nullifying and restricting the application of certain water quality standards; amending Laws 2015, First Special Session chapter 4, article 4, section 136, as amended.

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

Page 5, after line 9, insert:

"Sec. 9. WILD RICE WORK GROUP; REPORT.

(a) \$50,000 in fiscal year 2018 is appropriated from the heritage enhancement account in the game and fish fund to the commissioner of natural resources to convene a wild rice work group and prepare a report to leverage the expertise of state, tribal, and public experts to ensure maximum benefit for natural wild rice growth is achieved as a result of restoration and enhancement activities. This is a onetime appropriation and is available until June 30, 2019.

(b) The commissioner of natural resources must submit a report to the state's tribal governments and the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources by January 15, 2019, that:

(1) describes an evaluation program developed to examine the primary hydrological, biological, and physical risks to natural wild rice health in priority wild rice waters;

(2) includes tailored restoration activities to improve natural wild rice health in priority wild rice water bodies and to monitor the effectiveness of restoration and protection activities;

(3) identifies best management practices for natural wild rice protection and restoration and recommendations for expanding the use of effective best management practices;

(4) identifies areas in which to implement the best management practices; and

(5) provides recommendations for the creation of a long-term wild rice work group, including membership structure, to advise the commissioner on natural wild rice management.

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

Amend the title accordingly

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

Senator Ruud from the Committee on Environment and Natural Resources Policy and Legacy Finance, to which was referred

S.F. No. 3096: A bill for an act relating to natural resources; providing for training and licensing of wildland firefighters; amending Minnesota Statutes 2016, section 88.10, by adding a subdivision.

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

SECOND READING OF SENATE BILLS

S.F. No. 2565 was read the second time.

ADJOURNMENT

Senator Gazelka moved that the Senate do now adjourn until 12:15 p.m., Wednesday, March 21, 2018. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate