

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-FIRST LEGISLATURE

EIGHTY-NINTH DAY

St. Paul, Minnesota, Thursday, March 16, 2000

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Bruce E. Harshberger.

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

Anderson	Hottinger	Laidig	Ourada	Scheid
Belanger	Janezich	Langseth	Pappas	Solon
Berg	Johnson, D.E.	Larson	Pariseau	Spear
Berglin	Johnson, D.H.	Lesewski	Piper	Stevens
Betzold	Johnson, D.J.	Lessard	Pogemiller	Stumpf
Cohen	Junge	Limmer	Price	Terwilliger
Day	Kelley, S.P.	Lourey	Ranum	Vickerman
Dille	Kelly, R.C.	Marty	Ring	Wiener
Fischbach	Kierlin	Metzen	Robertson	Wiger
Flynn	Kinkel	Moe, R.D.	Robling	Ziegler
Foley	Kiscaden	Neuville	Runbeck	
Frederickson	Kleis	Novak	Sams	
Hanson	Knutson	Oliver	Samuelson	
Higgins	Krentz	Olson	Scheevel	

The President declared a quorum present.

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

MEMBERS EXCUSED

Senator Murphy was excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

March 15, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2000 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2000	Date Filed 2000
	3338	259	3:45 p.m. March 14	March 14
	2749	260	3:45 p.m. March 14	March 14
	2642	261	3:45 p.m. March 14	March 14

Sincerely,
Mary Kiffmeyer
Secretary of State

REPORTS OF COMMITTEES

Senator Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

S.F. No. 3539: A bill for an act relating to state government; regulating the recovery of costs and attorney fees from the state of Minnesota; conforming certain provisions of state law to analogous federal law; clarifying existing law; establishing specific procedures for application of fees; correcting miscellaneous noncontroversial oversights, inconsistencies, ambiguities, and technical errors; amending Minnesota Statutes 1998, sections 15.471, subdivisions 4, 5, 6, and by adding subdivisions; and 15.472; repealing Minnesota Statutes 1998, section 15.471, subdivision 8.

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

Page 3, line 12, delete "unit of local government,"

Page 3, line 19, before the semicolon, insert ", whose annual revenues did not exceed \$7,000,000 at the time the civil action was filed or the contested case proceeding was initiated"

Page 3, line 23, before the period, insert ", whose annual revenues did not exceed \$7,000,000 at the time the civil action was filed or the contested case proceeding was initiated"

Page 3, lines 27 to 30, delete the new language

Page 4, lines 20 to 28, delete the new language and reinstate the stricken language

Page 4, line 29, delete "make an" and after "award" insert "fees and other expenses to the party unless special circumstances make an award"

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

Senator Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 3769: A bill for an act relating to housing; housing finance agency; authorizing agency to make grants or loans under the community rehabilitation fund account to for-profit organizations; amending Minnesota Statutes 1998, section 462A.206, subdivision 4; Minnesota Statutes 1999 Supplement, section 462A.206, subdivision 2.

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

Page 1, after line 8, insert:

"Section 1. [462A.105] [INTEREST RATE EXCHANGES.]

The agency may enter into an agreement with a third party for an exchange of interest rates under this section. With respect to bonds or notes outstanding or proposed to be issued bearing interest at a variable rate, the agency may agree to pay sums equal to interest at a fixed rate or at a different variable rate determined in accordance with a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment, in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a variable rate determined according to a formula set out in the agreement. With respect to bonds or notes outstanding or proposed to be issued bearing interest at a fixed rate or rates, the agency may agree to pay sums equal to interest at a variable rate determined according to a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a fixed rate or rates set out in the agreement. Subject to any applicable covenants of the agency, payments required to be made by the agency under the swap agreement, including termination payments, may be made from amounts pledged or available to pay debt service on the bonds or notes with respect to which the swap agreement was made or from any other available source of the agency. The agency may issue bonds or notes to provide for any payment, including a termination payment, due or to become due under a swap agreement."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "providing financing mechanisms for the agency;"

Page 1, line 7, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 462A"

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

Senator Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 3071: A bill for an act relating to natural resources; allowing expenditure of appropriated money for certain seminars and conferences; clarifying certain prohibitions related to the operation of snowmobiles, all-terrain vehicles, and motorboats; modifying composition of the outdoor recreation system; modifying disposition of certain receipts; designating a migratory waterfowl refuge; modifying certain rulemaking authority; eliminating trawling fees; providing for acquisition of critical aquatic habitat; modifying commissioner's authority to remove rough fish; modifying minnow retailer and turtle license provisions; clarifying forfeiture procedure; modifying mineral land provisions; increasing project amount for security in place of bonds; granting legislative approval for certain water usage; amending Minnesota Statutes 1998, sections 9.071; 86A.04; 86B.331, subdivision 1; 93.05; 93.055; 93.14; 93.15; 93.16; 93.17; 93.193, subdivision 1; 93.21; 93.22; 93.25, subdivisions 1 and 2; 93.26; 93.27; 93.28; 93.285, subdivisions 2 and 3; 93.335, subdivision 1; 93.43; 97A.095, by adding a subdivision; 97A.405, subdivision 3; 97A.475, subdivision 30; 97C.041; 97C.501, subdivisions 1 and 2; and 97C.605, subdivisions 1 and 2; Minnesota Statutes 1999 Supplement, sections 84.91, subdivision 1; 97A.065, subdivision 2; 169.1217, subdivision 7a; 290.431; 290.432; and 574.264, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 84; 93; and 97C; repealing Minnesota Statutes 1998, sections 93.07; 93.08; 93.09; 93.10; 93.11; 93.12; 93.13; 93.18; 93.19; 93.191; 93.192; 93.202; 93.23; 93.24; 93.283; 93.285, subdivisions 4 and 5; 93.30; 93.31; 93.32; 93.335, subdivisions 4 and 5; 93.34, subdivisions 1 and 3; 93.351; 93.352; 93.353; 93.354; 93.355; 93.356; 93.357; 93.37; 93.38; 93.39; 93.42; and 97B.312.

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

Page 2, after line 34, insert:

"Sec. 3. Minnesota Statutes 1999 Supplement, section 84.86, subdivision 1, is amended to read:

Subdivision 1. With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

- (1) Registration of snowmobiles and display of registration numbers.
- (2) Use of snowmobiles insofar as game and fish resources are affected.
- (3) Use of snowmobiles on public lands and waters, or on grant-in-aid trails.
- (4) Uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles.
- (5) Specifications relating to snowmobile mufflers.
- (6) A comprehensive snowmobile information and safety education and training program, including but not limited to the preparation and dissemination of snowmobile information and safety advice to the public, the training of snowmobile operators, and the issuance of snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course. For the purpose of administering such program and to defray expenses of training and certifying snowmobile operators, the commissioner shall collect a fee from each person who receives the youth and young adult training or the adult training. The commissioner shall establish a fee that neither significantly over-recovers nor under-recovers costs, including overhead costs, involved in providing the services. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner shall deposit the fee fees must be deposited in the snowmobile trails and enforcement account and the amount thereof is appropriated annually to the commissioner enforcement division of the department of natural resources for the administration of such programs. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this clause. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.
- (7) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of \$500 or more, shall forward a written report of the accident to the commissioner on such form as the commissioner shall prescribe. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days."

Page 4, after line 8, insert:

"Sec. 5. Minnesota Statutes 1998, section 84.925, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] (a) The commissioner shall establish a comprehensive all-terrain vehicle environmental and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of all-terrain vehicle operators, and the issuance of all-terrain vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the all-terrain vehicle environmental and safety education and training course.

(b) For the purpose of administering the program and to defray a portion of the expenses of training and certifying vehicle operators, the commissioner shall collect a fee of not to exceed \$5 from each person who receives the training and shall deposit the fee in the all-terrain vehicle account. The commissioner shall establish a fee that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees shall be deposited in the all-terrain vehicle account and the amount thereof is appropriated annually to the enforcement division of the department of natural resources for the administration of the program. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses.

(c) The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this section. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of vehicle operators."

Pages 4 to 6, delete section 5

Page 21, delete section 28 and insert:

"Sec. 29. Minnesota Statutes 1998, section 97A.405, is amended by adding a subdivision to read:

Subd. 4. [REPLACEMENT LICENSES.] The commissioner may permit licensed firearms deer hunters to change zone or season options before the regular firearms deer season begins. The commissioner may issue a replacement license if the applicant submits the original firearms deer license that is being replaced and the applicant pays any increase in cost between the original and the replacement license.

Sec. 30. Minnesota Statutes 1998, section 97A.431, subdivision 4, is amended to read:

Subd. 4. [SEPARATE SELECTION; ELIGIBILITY.] (a) The commissioner may conduct a separate selection for up to 20 percent of the moose licenses to be issued for an area. Only owners of, and tenants living on, at least 160 acres of agricultural or grazing land in the area, and their family members, are eligible for the separate selection under this paragraph. Persons that are unsuccessful in a separate selection must be included in the selection for the remaining licenses.

(b) The commissioner must conduct a separate selection for 20 percent of the moose licenses to be issued each year. Only individuals who have applied at least ten times for a moose license and who have never received a license are eligible for this separate selection.

(c) The commissioner may by rule establish criteria for:

(1) determining eligible family members under ~~this subdivision.~~ paragraph (a); and

(2) verifying that an individual has made at least ten unsuccessful applications for the purposes of paragraph (b).

(d) A person who is unsuccessful in a separate selection under this subdivision must be included in the selection for the remaining licenses.

Sec. 31. Minnesota Statutes 1998, section 97A.435, subdivision 4, is amended to read:

Subd. 4. [SEPARATE SELECTION OF ELIGIBLE LICENSEES.] (a) The commissioner may conduct a separate selection for up to 20 percent of the turkey licenses to be issued for any area. Only persons that who are owners or tenants of and that live on at least 40 acres of agricultural or grazing land in the area, and their family members, are eligible applicants for turkey licenses for the separate selection. The qualifying agricultural or grazing land may be noncontiguous. Persons that who are unsuccessful in a separate selection must be included in the selection for the

remaining licenses. Persons that who obtain a license in a separate selection must allow public turkey hunting on their land during that turkey season.

(b) The commissioner may by rule establish criteria for determining eligible family members under this subdivision."

Page 22, after line 26, insert:

"Sec. 33. Minnesota Statutes 1998, section 97A.475, is amended by adding a subdivision to read:

Subd. 44. [REPLACEMENT LICENSES.] The fee for a replacement firearms deer license is \$5.

Sec. 34. Minnesota Statutes 1998, section 97B.015, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION, SUPERVISION, AND ENFORCEMENT.] (a) The commissioner shall appoint a qualified person from the enforcement division under civil service rules as supervisor of hunting safety and prescribe the duties and responsibilities of the position. The commissioner shall determine and provide the enforcement division with the necessary personnel for this section.

(b) The commissioner may appoint one or more county directors of hunting safety in each county. An appointed county director is responsible to the enforcement division. The enforcement division may appoint instructors necessary for this section. County directors and instructors shall serve on a voluntary basis without compensation. The enforcement division must supply the materials necessary for the course. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training.

Sec. 35. Minnesota Statutes 1998, section 97B.015, subdivision 4, is amended to read:

Subd. 4. [STUDENT FEE.] To defray the expense of the course, the enforcement division shall collect a fee not to exceed \$5 from each person that takes the firearm safety course. The commissioner shall establish a fee that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees shall be deposited in the game and fish fund and the amount thereof is appropriated annually to the enforcement division of the department of natural resources for the administration of the program. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses.

Sec. 36. Minnesota Statutes 1999 Supplement, section 97B.025, is amended to read:

97B.025 [ADVANCED HUNTER AND TRAPPER EDUCATION.]

The commissioner may establish ~~advanced~~ education courses for hunters and trappers. The commissioner, ~~with the approval of the commissioner of finance, may impose~~ shall collect a fee ~~not to exceed \$10 for from~~ each person attending an ~~advanced education~~ a course. The commissioner shall establish a fee that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees shall be deposited in the game and fish fund and the amount thereof is appropriated annually to the enforcement division of the department of natural resources for the administration of the program. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training.

Sec. 37. Minnesota Statutes 1998, section 97B.301, subdivision 4, is amended to read:

Subd. 4. [TAKING MORE THAN ONE DEER.] (a) The commissioner may, by rule, allow a

person to take more than one deer. The commissioner shall prescribe the conditions for taking the additional deer including:

- (1) taking by firearm or archery;
- (2) obtaining additional licenses; and
- (3) payment of a fee not more than the fee for a firearms deer license; and
- (4) the total number of deer that an individual may take.

(b) In Kittson, Lake of the Woods, Marshall, Pennington, and Roseau counties, a person may obtain one firearms deer license and one archery deer license in the same license year, and may take one deer under each license. The commissioner may limit the use of this provision in certain years to protect the deer population in the area."

Page 23, after line 18, insert:

"Sec. 40. Minnesota Statutes 1998, section 97C.401, is amended by adding a subdivision to read:

Subd. 3. [YELLOW PERCH LIMITS; INLAND WATERS.] Until December 1, 2001, the commissioner may not adopt a rule that will result in a daily limit that is less than 20 yellow perch or a possession limit that is less than 50 yellow perch on inland waters."

Page 25, line 36, after the period, insert "For motor vehicles not required to be registered under chapter 168, notice mailed by certified mail to the address shown in the applicable filing or registration for the vehicle is sufficient notice to a person known to have an ownership, possessory, or security interest in the vehicle."

Page 30, after line 22, insert:

"Sec. 51. [EFFECTIVE DATE.]

Sections 37 and 40 are effective the day following final enactment."

Reorder the sections in sequence

Delete the title and insert:

"A bill for an act relating to natural resources; allowing expenditure of appropriated money for certain seminars and conferences; clarifying certain prohibitions related to the operation of snowmobiles, all-terrain vehicles, and motorboats; modifying composition of the outdoor recreation system; modifying disposition of certain receipts; designating a migratory waterfowl refuge; modifying certain rulemaking authority; eliminating trawling fees; providing for acquisition of critical aquatic habitat; modifying commissioner's authority to remove rough fish; modifying minnow retailer and turtle license provisions; clarifying forfeiture procedure; modifying mineral land provisions; increasing project amount for security in place of bonds; granting legislative approval for certain water usage; providing for replacement firearms deer licenses; making the experimental two-deer license in certain counties permanent; modifying moose and turkey separate selection processes; temporarily limiting the ability of the commissioner to reduce yellow perch limits; modifying certain fee setting authority of the commissioner of natural resources; appropriating money; amending Minnesota Statutes 1998, sections 9.071; 84.925, subdivision 1; 86A.04; 93.05; 93.055; 93.14; 93.15; 93.16; 93.17; 93.193, subdivision 1; 93.21; 93.22; 93.25, subdivisions 1 and 2; 93.26; 93.27; 93.28; 93.285, subdivisions 2 and 3; 93.335, subdivision 1; 93.43; 97A.095, by adding a subdivision; 97A.405, by adding a subdivision; 97A.431, subdivision 4; 97A.435, subdivision 4; 97A.475, subdivision 30, and by adding a subdivision; 97B.015, subdivisions 2 and 4; 97B.301, subdivision 4; 97C.041; 97C.401, by adding a subdivision; 97C.501, subdivisions 1 and 2; and 97C.605, subdivisions 1 and 2; Minnesota Statutes 1999 Supplement, sections 84.86, subdivision 1; 84.91, subdivision 1; 97A.065, subdivision 2; 97B.025; 169.1217, subdivision 7a; 290.431; 290.432; and 574.264,

subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 84; 93; and 97C; repealing Minnesota Statutes 1998, sections 93.07; 93.08; 93.09; 93.10; 93.11; 93.12; 93.13; 93.18; 93.19; 93.191; 93.192; 93.202; 93.23; 93.24; 93.283; 93.285, subdivisions 4 and 5; 93.30; 93.31; 93.32; 93.335, subdivisions 4 and 5; 93.34, subdivisions 1 and 3; 93.351; 93.352; 93.353; 93.354; 93.355; 93.356; 93.357; 93.37; 93.38; 93.39; 93.42; and 97B.312."

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

Senator Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 3196 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3196	2978				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 3196 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3196 and insert the language after the enacting clause of S.F. No. 2978, the first engrossment; further, delete the title of H.F. No. 3196 and insert the title of S.F. No. 2978, the first engrossment.

And when so amended H.F. No. 3196 will be identical to S.F. No. 2978, and further recommends that H.F. No. 3196 be given its second reading and substituted for S.F. No. 2978, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 3047 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3047	2944				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 3047 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3047 and insert the language after the enacting clause of S.F. No. 2944, the first engrossment; further, delete the title of H.F. No. 3047 and insert the title of S.F. No. 2944, the first engrossment.

And when so amended H.F. No. 3047 will be identical to S.F. No. 2944, and further recommends that H.F. No. 3047 be given its second reading and substituted for S.F. No. 2944, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 3539, 3769 and 3071 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 3196 and 3047 were read the second time.

MOTIONS AND RESOLUTIONS

Senator Johnson, D.E. moved that the name of Senator Hanson be added as a co-author to S.F. No. 3793. The motion prevailed.

Senators Krentz, Betzold and Hanson introduced--

Senate Resolution No. 135: A Senate resolution congratulating the Blaine High School Boys hockey team on winning the 2000 State High School Class AA Boys Hockey Tournament.

Referred to the Committee on Rules and Administration.

CALENDAR

H.F. No. 3332: A bill for an act relating to agriculture; allowing the commissioner of agriculture to establish alternative term expiration dates for members of the dairy research and promotion council; amending Minnesota Statutes 1998, section 17.54, subdivisions 6 and 13.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Belanger	Hottinger	Larson	Pappas	Scheid
Berg	Johnson, D.E.	Lesewski	Pariseau	Solon
Berglin	Johnson, D.H.	Lessard	Piper	Spear
Betzold	Johnson, D.J.	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kierlin	Marty	Ranum	Terwilliger
Dille	Kinkel	Metzen	Ring	Vickerman
Fischbach	Kiscaden	Moe, R.D.	Robertson	Wiener
Flynn	Kleis	Neuville	Robling	Wiger
Foley	Knutson	Novak	Runbeck	Ziegler
Frederickson	Krentz	Oliver	Sams	
Hanson	Laidig	Olson	Samuelson	
Higgins	Langseth	Ourada	Scheevel	

So the bill passed and its title was agreed to.

H.F. No. 2927: A bill for an act relating to local government associations; authorizing group insurance protection for metropolitan intercounty association; amending Minnesota Statutes 1998, section 471.61, subdivision 1.

Senator Robling moved that the amendment made to H.F. No. 2927 by the Committee on Rules and Administration in the report adopted March 15, 2000, pursuant to Rule 49, be stricken. The motion prevailed.

H.F. No. 2927 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Laidig	Olson	Samuelson
Belanger	Hottinger	Langseth	Ourada	Scheevel
Berg	Johnson, D.E.	Larson	Pappas	Scheid
Berglin	Johnson, D.H.	Lesewski	Pariseau	Solon
Betzold	Johnson, D.J.	Lessard	Piper	Spear
Cohen	Kelley, S.P.	Limmer	Pogemiller	Stevens
Day	Kelly, R.C.	Lourey	Price	Stumpf
Dille	Kierlin	Marty	Ranum	Terwilliger
Fischbach	Kinkel	Metzen	Ring	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robertson	Wiener
Foley	Kleis	Neuville	Robling	Wiger
Frederickson	Knutson	Novak	Runbeck	Ziegler
Hanson	Krentz	Oliver	Sams	

So the bill passed and its title was agreed to.

H.F. No. 3433: A bill for an act relating to the St. Paul port authority; changing the powers and jurisdiction with respect to recreation facilities and recreation purposes; amending Minnesota Statutes 1998, section 469.084, subdivisions 1 and 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Laidig	Olson	Samuelson
Belanger	Hottinger	Langseth	Ourada	Scheevel
Berg	Johnson, D.E.	Larson	Pappas	Scheid
Berglin	Johnson, D.H.	Lesewski	Pariseau	Solon
Betzold	Johnson, D.J.	Lessard	Piper	Spear
Cohen	Kelley, S.P.	Limmer	Pogemiller	Stevens
Day	Kelly, R.C.	Lourey	Price	Stumpf
Dille	Kierlin	Marty	Ranum	Terwilliger
Fischbach	Kinkel	Metzen	Ring	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robertson	Wiener
Foley	Kleis	Neuville	Robling	Wiger
Frederickson	Knutson	Novak	Runbeck	Ziegler
Hanson	Krentz	Oliver	Sams	

So the bill passed and its title was agreed to.

CONSENT CALENDAR

H.F. No. 3633: A bill for an act relating to state observances; designating Mighty Eighth Air Force Week; proposing coding for new law in Minnesota Statutes, chapter 10.

Senator Terwilliger moved to amend H.F. No. 3633 as follows:

Page 1, line 14, delete everything after the period

Page 1, delete line 15

The motion prevailed. So the amendment was adopted.

H.F. No. 3633 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 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Ourada	Solon
Belanger	Johnson, D.E.	Larson	Pariseau	Spear
Berg	Johnson, D.H.	Lesewski	Pogemiller	Stevens
Berglin	Johnson, D.J.	Lessard	Price	Stumpf
Betzold	Kelley, S.P.	Limmer	Ranum	Terwilliger
Cohen	Kelly, R.C.	Lourey	Ring	Vickerman
Day	Kierlin	Marty	Robertson	Wiener
Dille	Kinkel	Metzen	Robling	Wiger
Fischbach	Kiscaden	Moe, R.D.	Runbeck	Ziegler
Foley	Kleis	Neuville	Sams	
Frederickson	Knutson	Novak	Samuelson	
Hanson	Krentz	Oliver	Scheevel	
Higgins	Laidig	Olson	Scheid	

Those who voted in the negative were:

Flynn

So the bill, as amended, was passed and its title was agreed to.

H.F. No. 3766: A bill for an act relating to pawnbrokers; requiring pawnbrokers who provide law enforcement agencies with electronic records of transactions to use a specified interchange file specification format; amending Minnesota Statutes 1998, section 325J.05.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Ourada	Scheevel
Belanger	Johnson, D.E.	Larson	Pappas	Scheid
Berg	Johnson, D.H.	Lesewski	Pariseau	Solon
Berglin	Johnson, D.J.	Lessard	Piper	Spear
Betzold	Kelley, S.P.	Limmer	Pogemiller	Stevens
Day	Kelly, R.C.	Lourey	Price	Stumpf
Dille	Kierlin	Marty	Ranum	Terwilliger
Fischbach	Kinkel	Metzen	Ring	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robertson	Wiener
Foley	Kleis	Neuville	Robling	Wiger
Frederickson	Knutson	Novak	Runbeck	Ziegler
Hanson	Krentz	Oliver	Sams	
Higgins	Laidig	Olson	Samuelson	

So the bill passed and its title was agreed to.

SUSPENSION OF RULES

Senator Moe, R.D. moved that Rule 9 be suspended as to the lie-over requirement on the Consent Calendar. The motion prevailed.

S.F. No. 3768: A bill for an act relating to taxation; authorizing the commissioner of revenue to enter into temporary agreements with other states to develop a pilot program for a multistate system for sales and use tax collection.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Oliver	Scheid
Belanger	Hottinger	Laidig	Olson	Solon
Berg	Johnson, D.E.	Langseth	Ourada	Spear
Berglin	Johnson, D.H.	Larson	Pappas	Stevens
Betzold	Johnson, D.J.	Lesewski	Piper	Stumpf
Cohen	Kelley, S.P.	Lessard	Price	Terwilliger
Dille	Kelly, R.C.	Lourey	Ranum	Vickerman
Fischbach	Kierlin	Marty	Ring	Wiener
Flynn	Kinkel	Metzen	Robertson	Wiger
Foley	Kiscaden	Moe, R.D.	Robling	Ziegler
Frederickson	Kleis	Neuville	Sams	
Hanson	Knutson	Novak	Scheevel	

Those who voted in the negative were:

Limmer Runbeck

So the bill passed and its title was agreed to.

SUSPENSION OF RULES

Senator Moe, R.D. moved that Rule 11 be suspended as to the lie-over requirement on the General Orders. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Senator Robertson in the chair.

After some time spent therein, the committee arose, and Senator Robertson reported that the committee had considered the following:

S.F. Nos. 1009, 702, 3549, 3581, 2941, 2677, 2676, 2972, 3253, 3210, 3348, 3174, 3369, 3478, 3082, 981, 3291, 3160, 3036, 3290, 3203, 2830, 1231 and H.F. Nos. 3222, 3113, 1590, 118, which the committee recommends to pass.

S.F. No. 3025, which the committee recommends to pass with the following amendment offered by Senator Pappas:

Page 2, line 26, delete "child" and insert "individual"

The motion prevailed. So the amendment was adopted.

S.F. No. 3260, which the committee recommends to pass with the following amendment offered by Senator Stevens:

Page 2, lines 4 and 5, delete the new language

Page 2, line 7, after the period, insert "When artificial tanks, jars, or other containers are added to existing licensed facilities, an additional inspection is not required."

Page 2, line 13, reinstate the stricken language and before "sold" insert "and taking into consideration the recommendation of the licensed applicant,"

Page 2, line 15, reinstate the stricken language

Page 2, line 16, delete the new language and reinstate the stricken language

Page 2, delete lines 20 and 21 and insert:

"(g) Carp and bullheads may be removed from licensed waters, and transported and disposed of by the licensee."

Page 3, lines 17 and 18, reinstate the stricken language

Page 3, delete line 19 and insert "commissioner, covering the quantity number or pounds of all species sold or"

Page 3, lines 20 and 21, reinstate the stricken language

Pages 3 to 5, delete sections 4 and 5

Page 5, line 15, delete "shall" and insert "may"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

On motion of Senator Junge, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Pursuant to Rule 10, Senator Junge, designee of the Chair of the Committee on Rules and Administration, designated S.F. No. 3286 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 3286: A bill for an act relating to education; amending state graduation requirements; amending graduation rules; amending Minnesota Statutes 1998, sections 120A.41; and 120B.03, subdivision 2, and by adding subdivisions; Minnesota Statutes 1999 Supplement, sections 120B.02; and 120B.30, subdivision 1; repealing Minnesota Statutes 1998, sections 120B.03, subdivisions 1 and 3; and 120B.04; Minnesota Rules, parts 3501.0330, subpart 7, item B; 3501.0370, subparts 1, 2, and 4; 3501.0420, subparts 1, item D, and 4; and 3501.0430.

Senator Pogemiller moved to amend S.F. No. 3286 as follows:

Page 3, delete lines 23 to 27 and insert:

"(3) arts and literature;

(4) mathematical concepts and applications;

(5) inquiry and research;

(6) scientific concepts and applications;

(7) social studies;"

Page 4, line 8, after the comma, insert "the number of content standards offered at each school site,"

Page 5, line 11, delete "rules" and insert "rules."

Page 5, delete lines 12 to 14 and insert "Districts shall continue to provide learning opportunities for all students in preparatory content standards in learning areas one to nine and learning opportunities sufficient to meet graduation requirements in high school content standards in all ten learning areas. A district shall offer at least one foreign language in learning area ten."

Page 11, after line 36, insert:

"Minnesota Rules, part 3501.0330, subpart 2, item A, is repealed."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Marty moved to amend S.F. No. 3286 as follows:

Page 5, delete lines 10 to 14

CALL OF THE SENATE

Senator Pogemiller imposed a call of the Senate for the balance of the proceedings on S.F. No. 3286. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Marty amendment.

The roll was called, and there were yeas 28 and nays 36, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Lessard	Ourada	Scheevel
Berg	Kierlin	Limmer	Pariseau	Stevens
Dille	Kleis	Marty	Price	Vickerman
Fischbach	Langseth	Neuville	Robling	Ziegler
Frederickson	Larson	Oliver	Runbeck	
Hanson	Lesewski	Olson	Samuelson	

Those who voted in the negative were:

Anderson	Janezich	Krentz	Pogemiller	Stumpf
Berglin	Johnson, D.H.	Laidig	Ranum	Terwilliger
Betzold	Johnson, D.J.	Lourey	Ring	Wiener
Cohen	Kelley, S.P.	Metzen	Robertson	Wiger
Flynn	Kelly, R.C.	Moe, R.D.	Sams	
Foley	Kinkel	Novak	Scheid	
Higgins	Kiscaden	Pappas	Solon	
Hottinger	Knutson	Piper	Spear	

The motion did not prevail. So the amendment was not adopted.

Senator Ziegler moved to amend S.F. No. 3286 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [MORATORIUM; MORATORIUM REPEAL.]

(a) Minnesota Statutes, sections 120B.02 and 120B.03, and other law and rules governing the state's profile of learning, including preparatory content standards and state high school graduation standards related to the profile of learning, are not mandated by the state for kindergarten through grade 12 students.

(b) Paragraph (a) shall remain in effect until a law is enacted specifically repealing paragraph (a)."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 35, as follows:

Those who voted in the affirmative were:

Berg	Fischbach	Johnson, D.E.	Langseth	Limmer
Day	Frederickson	Kierlin	Larson	Marty
Dille	Hanson	Kleis	Lesewski	Neuville

Olson
Ourada
Pariseau

Robling
Sams

Samuelson
Scheevel

Stevens
Terwilliger

Vickerman
Ziegler

Those who voted in the negative were:

Anderson
Belanger
Berglin
Betzold
Cohen
Flynn
Foley

Higgins
Hottinger
Janezich
Johnson, D.H.
Johnson, D.J.
Kelley, S.P.
Kelly, R.C.

Kinkel
Kiscaden
Knutson
Krentz
Laidig
Lourey
Metzen

Novak
Oliver
Pappas
Piper
Pogemiller
Price
Ranum

Ring
Robertson
Scheid
Solon
Spear
Stumpf
Wiener

The motion did not prevail. So the amendment was not adopted.

Senator Price moved to amend S.F. No. 3286 as follows:

Page 7, line 20, delete everything after "[SCORING.]"

Page 7, delete line 21

Page 7, line 22, delete everything before "The"

The motion prevailed. So the amendment was adopted.

Senator Kinkel moved to amend S.F. No. 3286 as follows:

Page 5, line 1, after "(d)" insert "Before each school site determines the required content standards according to paragraphs (b) and (c), the school board and the majority of teachers at the site must adopt a policy that prohibits students in fifth grade from entering sixth grade if they do not perform at a level II or higher on two of the three Minnesota comprehensive assessments, excluding students with an individual education plan."

Page 5, line 3, before the comma, insert "and the policy for promoting fifth grade students"

The motion did not prevail. So the amendment was not adopted.

Senator Olson moved to amend S.F. No. 3286 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 120B.02, is amended to read:

120B.02 [RESULTS-ORIENTED GRADUATION RULE; NORTH STAR STANDARD FOR GENUINE ACADEMIC EXCELLENCE AND BASIC SKILLS REQUIREMENTS; PROFILE OF LEARNING.]

(a) ~~The legislature is committed to establishing a rigorous, results-oriented graduation rule the North Star Standard for genuine academic excellence for Minnesota's public school students. To that end, the commissioner shall use its rulemaking authority under section 127A.05, subdivision 4, to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The commissioner shall not prescribe in rule or otherwise the delivery system or form of instruction that local sites must use to meet the requirements contained in this rule.~~

(b) ~~To successfully accomplish paragraph (a), the commissioner shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All commissioner actions regarding the rule must be~~ The North Star Standard is premised on the following:

(1) the rule North Star Standard is intended to raise academic expectations progressively throughout the Kindergarten through grade 12 experience for students, teachers, and schools;

(2) it is essential that, as much as possible, all students reach a level of minimum competency, but the goal must be that all students be expected and encouraged to reach their greatest potential. The standard is the pursuit of academic excellence; and

(3) any state action regarding the rule North Star Standard must evidence consideration of parent, student, teacher, and school district autonomy; and. The delivery system or form of instruction that local sites must use to meet the standard must not be prescribed.

~~(3) the department of children, families, and learning, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.~~

~~(e) (b) For purposes of adopting the rule, the commissioner, in consultation with the department, recognized local implementation of the North Star Standard, school districts shall consult with psychometric experts in assessment, and or other interested and knowledgeable educators for proven curriculum, testing, assessment, methods, using the most current version of professional standards for educational shall evaluate the alternative approaches to assessment and practices.~~

~~(d) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota must include both basic requirements and the required profile of learning. The profile of learning must measure student performance using performance-based assessments compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The profile of learning shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens. The commissioner shall develop and disseminate to school districts a uniform method for reporting student performance on the profile of learning.~~

~~(e) The commissioner shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.~~

~~(f) The commissioner shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 120B.10 until such time as all the graduation requirements are implemented.~~

Sec. 2. [120B.021] [CITATION.]

Sections 120B.01 to 120B.0242 may be cited as the "North Star standard for genuine academic excellence."

Sec. 3. [120B.0211] [GOAL.]

Sections 120B.01 to 120B.0242 establish the educational and academic requirements that students must meet to be eligible to receive a high school diploma.

Sec. 4. [120B.0212] [SCOPE.]

Sections 120B.01 to 120B.0242 govern the minimum requirements that public school districts must establish for students to earn a high school diploma.

Sec. 5. [120B.0213] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 120B.01 to 120B.0242, the terms defined in this section have the meanings given them.

Subd. 2. [GRADE SPECIFIC COURSE AND HIGH SCHOOL COURSE CREDIT.] (a) "Grade specific" means the grade appropriate course content established by the school district. Grade specific course content is not required to be age dependent.

(b) "Course" means a set of school district curriculum specifications in a learning area for one school year.

(c) "High school course credit" is the unit of measure received upon successful completion of a course of study generally achieved in one hour per school day during one school year in a learning area for grades 9 to 12.

Subd. 3. [LEARNING AREA.] (a) "Learning area" means one of the eight categories into which all preparatory courses, and one of the ten categories into which all high school course credits are organized.

(b) The high school learning areas include:

- (1) English language and grammar;
- (2) literature and composition;
- (3) mathematics;
- (4) science;
- (5) history and government/citizenship;
- (6) personal fitness and health;
- (7) the arts, an elective learning area;
- (8) personal management, an elective learning area;
- (9) foreign languages, an elective learning area; and
- (10) vocational education, an elective learning area.

(c) The preparatory learning areas include:

- (1) English language and grammar;
- (2) literature and composition;
- (3) mathematics;
- (4) science;
- (5) history, geography, and government;
- (6) personal fitness and health;
- (7) arts; and
- (8) personal management.

Subd. 4. [COURSE PLAN.] "Course plan" means a grade specific written set of district curriculum specifications in a learning area and must include: (1) the teacher's name; (2) the grade level; (3) course sequence; (4) class teaching syllabus; (5) the number of course credits students may earn; (6) the instructional materials used for the class; (7) homework and parental support expectations; (8) the testing requirements, quizzes, or other evaluations; (9) grading credit or methods used; and (10) the requirements that students are expected to successfully complete in the course.

Subd. 5. [PARENTAL ACCESS AND PUBLIC ACCOUNTABILITY.] The course plan must be available in the nearest public/school library and must include:

(1) a grade level, course-specific remediation plan prepared by the school district, which must be used concurrently during the course and may include summer school and criteria for repeating a grade or course; and

(2) a school district grading process that determines when a student's course plan is successfully completed, and assigns a grade to the student's work according to the grading criteria.

Subd. 6. [GRADUATION REQUIREMENTS.] "Graduation requirements" means the number and distribution of high school course credits that a district must offer and a student must successfully complete to be eligible for a high school diploma.

Subd. 7. [EXEMPTION.] "Exemption" means that a student with an individual education plan or section 504 accommodation plan is not required to complete a particular course credit.

Subd. 8. [MODIFICATION.] "Modification" means an adjustment of a test that changes the course credit for a student with an individual education plan or section 504 accommodation plan.

Sec. 6. [120B.0214] [GRADUATION REQUIREMENTS.]

Subdivision 1. [NORTH STAR STANDARD.] School district course credits are contained in sections 120B.0222 to 120B.0242. The preparatory courses are contained in sections 120B.0233 to 120B.0242. High school course credits are contained in sections 120B.0222 to 120B.0232. High school graduation requirements are contained in subdivisions 3 to 5.

Subd. 2. [DISTRICTS AND STUDENTS.] (a) A district must provide learning opportunities for all students in all preparatory courses in learning areas one to eight, and learning opportunities sufficient for students to complete high school course credits in ten learning areas and meet school district graduation requirements.

(b) Students are encouraged to exceed the specifications for all preparatory and high school standards contained in sections 120B.0222 to 120B.0242.

(c) A student must successfully complete at least 21 course credits for graduation. A student may select electives from any course credit in learning areas one to ten under subdivision 3.

Subd. 3. [DISTRIBUTION REQUIREMENTS FOR HIGH SCHOOL GRADUATION.] A student must successfully complete all specifications of at least 21 high school course credits to be eligible for high school graduation. The student must complete 15 of the 21 high school course credits as follows:

- (1) two course credits from learning area one, English language and grammar;
- (2) two course credits from learning area two, literature and composition;
- (3) three course credits from learning area three, mathematics;
- (4) two course credits from learning area four, science;
- (5) four course credits from learning area five, history, and government/citizenship;
- (6) two course credits from learning area six, personal fitness and health;
- (7) no course credits from learning area seven, the arts, which is an elective;
- (8) no course credits from learning area eight, personal management, which is an elective;
- (9) no course credits from learning area nine, foreign languages; and
- (10) no course credits from learning area ten, vocational education, which is an elective.

Subd. 4. [ELECTIVE REQUIREMENTS.] In addition to the distribution requirements under subdivision 3, students also must complete six additional course credits of the student's choice from the high school course credits listed in sections 120B.0222 to 120B.0232.

Subd. 5. [ADDITIONAL REQUIREMENTS.] (a) A student must complete one application of technology in each of the following three learning areas:

- (1) area two, literature and composition;
- (2) area three, mathematics; and
- (3) area four, science.

(b) A district may establish additional requirements.

Subd. 6. [VARIATIONS.] A student must successfully complete the requirements in subdivisions 1 to 5 unless the district specifically establishes variations for the student. Variations for a student from the requirements in subdivisions 1 to 5 are permitted only under section 120B.0215 or 120B.0216.

Sec. 7. [120B.0215] [VARIATIONS FOR STUDENTS WITH INDIVIDUAL EDUCATION PLANS OR SECTION 504 ACCOMMODATION PLANS.]

Subdivision 1. [DETERMINATION OF REQUIREMENTS.] (a) A student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan shall have all courses considered by the student's individual education plan team or section 504 accommodation plan team for inclusion in the student's individual education plan or section 504 accommodation plan under subdivision 2.

(b) A student's individual education plan team or section 504 accommodation plan team must consider the graduation requirements under section 120B.0214 for inclusion in the student's individual education plan or section 504 accommodation plan when a student with a disability is 14 years old or registers for grade 9, whichever is first. An individual education plan team also must consider the student's transition plan when determining which of the required and elective courses to include in the student's individual education plan.

Subd. 2. [INDIVIDUALIZED PLANS.] (a) For a student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team may modify preparatory courses for the student in the individual education plan or section 504 accommodation plan. The team must determine the specifications of a course the student will pursue under the selected modification. If the team determines that the student is exempt from one or more of the courses, it must explain the exemption in the student's individual education plan or section 504 accommodation plan. When the team adopts an exempt status for a course, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(b) For a high school student with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team must:

- (1) determine whether the student will pursue the course credits without modification;
- (2) determine whether one or more of the 21 required course credits will be modified to an individual level;
- (3) define the elective course credits that the student also will pursue and whether, for each elective, the student will pursue the course credit without modification or have the course credit modified to an individual level; or

(4) determine whether the student is exempt from one or more of the graduation requirements under section 120B.0214, subdivisions 3 to 5.

When the team adopts exempt status for a course credit, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(c) A student's individual education plan team or section 504 accommodation plan team must determine the specifications of a preparatory or high school course credit the student will pursue when the team modifies a course credit. When a course credit is modified, the student's individual education plan team or section 504 accommodation plan team must determine the appropriate assessment of the modified course credit.

Sec. 8. [120B.0216] [ENGLISH PROFICIENCY; INDIVIDUAL GRADUATION PLANS.]

A district must establish and maintain procedures giving students the opportunity to complete both preparatory courses and high school course credits. Graduation requirements for a student must be as specified in section 120B.0214, subdivisions 3 to 5, unless section 120B.0215 applies or unless modified in an individual graduation plan developed and annually reviewed by a team that includes school advisory staff designated by the district, the student's teachers, the student's parent or guardian, and the student. A district must not modify specifications for standards in learning areas one to ten to permit a student to complete a standard in a language other than English.

Sec. 9. [120B.0217] [TESTING AND SCORING STUDENT ACHIEVEMENT.]

Subdivision 1. [DISTRICT CRITERION REFERENCED TESTING REQUIREMENTS.] (a) Districts shall develop local criterion-referenced testing consistent with this section.

(b) A district must:

- (1) test student performance in preparatory courses and high school course credits; and
- (2) establish processes by which to transfer as completed (i) those course credits that other Minnesota public school districts verify on transcripts as completed, (ii) the work that post-secondary educational institutions or educational institutions outside the state accept for completion of course credits and verify on transcripts as completed, and (iii) a student's opportunities to complete high school course credits through learning the student acquires outside the district's curriculum.

Subd. 2. [SCORING.] The district must establish a letter grade between A and F for teacher grading of students who complete a course assignment or course. Assessments may include grade point averages when tests that measure specifics are used. Incomplete student work on the course receives a grade of I and does not complete a grade level or course credit.

Sec. 10. [120B.0218] [HIGH SCHOOL STUDENT TRANSCRIPT DATA.]

Subdivision 1. [TRANSCRIPT INFORMATION.] A district must include on a high school student's transcript the following information:

- (1) the high school course credits the student successfully completed;
- (2) the grade or sequence level the student achieved on each high school course credit, or a notation that the course credit has been certified as completed through the district's process for transferring credit under section 120B.0217, subdivision 1, paragraph (b), clause (2); and
- (3) the date the student successfully completed each high school course credit.

Subd. 2. [TRANSCRIPT FORMAT.] A district must format a high school student transcript according to generally accepted academic and vocational specifications.

Sec. 11. [120B.0219] [NOTICE TO PARENTS AND STUDENTS.]

In addition to other applicable notice requirements, the district must notify parents and students in writing about:

- (1) the course credit taught and assessed in the school curriculum;
- (2) the procedures for advising the student and the student's parent or guardian about graduation requirements and for accessing these procedures;

(3) the procedures by which students may meet graduation requirements with course credits successfully completed outside the district's curriculum; and

(4) the district's individual student progress and achievement reporting schedule.

Sec. 12. [120B.0220] [IMPLEMENTATION REPORTING.]

A school annually must submit to the local school board a report containing the policies and procedures for:

(1) ensuring that all high school students have access to comprehensive academic school curriculum that integrates technology and provides instruction and tests for assessing course content from all ten learning areas under sections 120B.0222 to 120B.0232 sufficient to meet graduation requirements;

(2) testing and assessing a student's understanding and demonstration of the course content;

(3) staff development designed to continuously improve curriculum, instruction, and tests and assessments;

(4) allowing a student to meet a graduation requirement for a course credit, whether the district offers the course content in its school curriculum or the student accomplishes the work in another learning environment, including a process for transferring credits completed in another Minnesota school district, recognizing work completed in other schools and post-secondary institutions, and awarding credit for achievements in extracurricular activities, activities outside of the school, previous learning, and community and work experiences;

(5) periodically advising a student and the student's parent or guardian of the student's progress and achievement and of the choices and opportunities available to the student for learning, graduating, and achieving the student's post-secondary educational and career goals;

(6) recordkeeping and reporting student achievement; and

(7) allowing the student and the student's parent or guardian to appeal district policies and procedures.

Sec. 13. [120B.0221] [OTHER DISTRICT RESPONSIBILITIES.]

A district must maintain records of the following, which it must submit for audit at the state's request, to allow the periodic review of district graduation standards, opportunities, and requirements:

(1) course plans used to test and assess students' completion of preparatory courses and high school course credits;

(2) aggregated records of students' completion of each high school course credit; and

(3) aggregated data on each year's high school graduates, including average number of high school course credits completed, and the number of each grade earned on each course credit.

Sec. 14. [120B.0222] [CONTENT STANDARDS; HIGH SCHOOL LEVEL.]

The specifications of the high school course credits are at least those in sections 120B.0223 to 120B.0232, which districts may supplement at their election.

Sec. 15. [120B.0223] [LEARNING AREA ONE; ENGLISH LANGUAGE AND GRAMMAR.]

Subdivision 1. [HIGH SCHOOL COURSE CREDIT FOR LEARNING AREA ONE.] The specifications for high school course credits in learning area one are at least those described in this section.

Subd. 2. [ENGLISH LANGUAGE AND GRAMMAR.] A student should be able to

demonstrate the ability to comprehend and evaluate complex information in fiction or nonfiction by reading, listening, and viewing varied English language selections containing complex information.

Subd. 3. [ENGLISH LANGUAGE AND GRAMMAR; TECHNICAL INFORMATION.] A student should be able to demonstrate the ability to read and apply technical information from varied English language documents.

Sec. 16. [120B.0224] [LEARNING AREA TWO; LITERATURE AND COMPOSITION.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA TWO.] Specifications for high school course credits in learning area two are at least those described in this section.

Subd. 2. [LITERATURE.] A student should be able to demonstrate the ability to interpret and evaluate complex works of famous American and World literature, including works of prose, poetry, and theater, by:

(1) describing the elements of literature for intent, form, and context to historical, cultural, and social background of selected works; and

(2) demonstrating the ability to communicate an informed interpretation of any selection of literary works.

Subd. 3. [COMPOSITION.] A student should be able to demonstrate the ability to write original compositions for a variety of academic purposes and situations using correct grammar, language mechanics, and other conventions of standard written English. The student must also correct the grammatical and other writing errors made to appear in a recognized work of fiction or nonfiction appropriate for this purpose.

Subd. 4. [TECHNICAL WRITING.] A student should be able to demonstrate the ability to write in the English language for a variety of technical purposes, situations, and audiences by writing original technical compositions that include a set of procedures or directions, a report or proposal, and informational correspondence describing a complex process, procedure, or device for a particular audience.

Subd. 5. [PUBLIC SPEAKING.] A student should be able to demonstrate the ability to construct and deliver speeches for a variety of purposes, situations, and audiences using English language conventions.

Subd. 6. [INTERPERSONAL COMMUNICATION.] A student should be able to demonstrate understanding of interpersonal communication strategies, the components of the interpersonal communication process, and how various factors affect patterns of communication, interaction, and problem solving.

Sec. 17. [120B.0225] [LEARNING AREA THREE; MATHEMATICS.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA THREE.] Specifications for high school content standards in learning area three are at least those under subdivisions 2 to 5.

Subd. 2. [MATHEMATICS.] A student should be able to demonstrate a knowledge of mathematical relationships and solve problems.

Subd. 3. [DATA ANALYSIS.] A student should be able to demonstrate understanding of:

(1) the statistical concepts of measures of center, variability, and rank;

(2) differences between correlation and causation;

(3) sampling procedures;

(4) line or curve of best fit; and

(5) concepts related to uncertainty of randomness, permutations, combinations, and theoretical and experimental probabilities.

Subd. 4. [ALGEBRA.] A student should be able to understand:

(1) rates of change in different models of linear relationships and characteristics of polynomial, exponential, and periodic functions and relations;

(2) functional notation; and

(3) terminology using properties of algebra to justify reasoning through a logical argument.

Subd. 5. [GEOMETRY.] A student should be able to understand:

(1) the characteristics of geometric figures in both two and three dimensions, including reflections, rotations, and translations;

(2) congruence and similarity;

(3) perimeter, area, and volume;

(4) distance;

(5) scaling; and

(6) symmetry.

Sec. 18. [120B.0226] [LEARNING AREA FOUR; SCIENCE.]

Subdivision 1. [HIGH SCHOOL CONTENT STANDARDS FOR LEARNING AREA FOUR.] Specifications for high school content standards in learning area four are at least those described in this section.

Subd. 2. [BIOLOGY.] A student should be able to demonstrate understanding of biological concepts, theories, and principles including cell theory, mechanisms of heredity, biological change over time, the interdependence of organisms, material cycles and energy flow in living systems, the behavior of organisms, and the historical significance of major scientific advances through the investigation and analysis of cells, organisms, and ecosystems.

Subd. 3. [CHEMISTRY.] A student should be able to demonstrate understanding of concepts, theories, and principles in chemistry by investigating and analyzing:

(1) atomic theory;

(2) relationships between the structure and properties of matter including organic and inorganic bonding, periodicity, and solutions chemistry;

(3) chemical reactions;

(4) interactions of energy and matter; and

(5) the historical significance of major scientific advances.

Subd. 4. [PHYSICS.] A student should be able to demonstrate understanding of matter, forces, and energy by investigating and analyzing the concepts of motion, force, laws of conservation, electricity, magnetism, waves, energy, and work, and the historical significance of major scientific advances.

Sec. 19. [120B.0227] [LEARNING AREA FIVE; HISTORY, AND GOVERNMENT/CITIZENSHIP.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA FIVE.] Specifications for high school course credits in learning area five are at least those described in this section.

Subd. 2. [THEMES OF MINNESOTA, UNITED STATES, AND WORLD HISTORY.] A student should be able to demonstrate understanding of the Declaration of Independence, the United States Constitution, Northwest Ordinance, and founding principles, truths, and themes related to key events, concepts, and people in the historical development of the United States. A student must demonstrate knowledge of historical events and contributions of key people from different time periods through reading and constructing time lines of key events and the actions of important people, the contributions of key historical people, and cause and effect relationships of events over an extended period of time, including:

- (1) the convergence of people, colonization, settlement, and the American Revolution;
- (2) expansion, the Civil War, and the Reconstruction;
- (3) the relationship between American Indian tribal governments and federal and state government;
- (4) industrialization, the emergence of modern America, and the Great Depression;
- (5) World War II;
- (6) postwar United States to the present; and
- (7) Minnesota and World History.

Subd. 3. [UNITED STATES GOVERNMENT/CITIZENSHIP.] A student should be able to demonstrate understanding of the foundations, rights, and responsibilities of United States citizenship including:

- (1) how the United States, as established by the Declaration of Independence, Constitution, and Northwest Ordinance, embodies the principles and ideals of a constitutional representative republic and individual self-governance;
- (2) the rights and responsibilities of United States citizens, noncitizens, and dual citizens; and
- (3) the formal and informal structures within which interest groups exercise power.

Sec. 20. [120B.0228] [LEARNING AREA SIX; PERSONAL FITNESS AND LIFESTYLE.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA SIX.] Specifications for high school course credits in learning area six are at least those described in this section.

Subd. 2. [INDIVIDUAL AND COMMUNITY HEALTH.] A student should be able to demonstrate an understanding of decision-making processes and community health practices that promote healthful nutrition and dietary practices, and physical fitness, and that reduce and prevent tobacco use, drug and alcohol use, intended and unintended injuries.

Subd. 3. [PHYSICAL EDUCATION AND FITNESS.] A student should be able to use decision-making processes to select appropriate physical activities to achieve fitness and demonstrate understanding of the training needed to improve fitness and the rules and skills associated with physical activities.

Sec. 21. [120B.0229] [LEARNING AREA SEVEN; THE ARTS; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL CONTENT STANDARDS FOR LEARNING AREA SEVEN.] Specifications for high school course credits in learning area seven are at least those described in this section.

Subd. 2. [ARTS CREATION AND PERFORMANCE.] In music, dance, theater, visual arts, creative writing, or media arts, a student should be able to demonstrate understanding of the elements, techniques, and processes of the selected art form and how works of the art form are structured. Also, using the art form, the student must create or perform, or both, an original artistic presentation that includes a single complex work or multiple works.

Sec. 22. [120B.0230] [LEARNING AREA EIGHT; PERSONAL MANAGEMENT; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA EIGHT.] Specifications for high school course credits in learning area eight are at least those specified in this section.

Subd. 2. [ECONOMIC SYSTEMS.] By using the fundamental concepts of economics, a student should be able to demonstrate understanding of the interactive nature of local, national, and global economic systems, and how consumer choices and government decisions impact those systems.

Subd. 3. [PERSONAL AND FAMILY RESOURCE MANAGEMENT.] A student should be able to apply principles of personal and family resource management and informed decision making.

Subd. 4. [BUSINESS MANAGEMENT.] A student should be able to use fundamentals of informed decision making and business management, including:

- (1) personnel management procedures;
- (2) customer, employee, and management practices;
- (3) use of banking services;
- (4) forms of business organization; and
- (5) current labor-related laws.

Sec. 23. [120B.0231] [LEARNING AREA NINE; WORLD LANGUAGE; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL COURSE CREDIT IN WORLD LANGUAGE.] Specifications for the high school course credit in learning area nine are at least those described in this section.

Subd. 2. [WORLD LANGUAGE.] A student should be able to demonstrate understanding of a foreign, domestic, technical, or symbolic language other than English and communicate in a second language.

Sec. 24. [120B.0232] [LEARNING AREA TEN; VOCATIONAL EDUCATION; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL CONTENT STANDARDS FOR LEARNING AREA TEN.] Specifications for high school course credits in learning area ten are at least those described in this section.

Subd. 2. [VOCATIONAL OPTIONS.] School districts must determine the scope and sequence of these vocational electives which must reflect the educational needs and diversity of the district and the vocational education interests of students enrolled in the district and community residents.

Sec. 25. [120B.0233] [PREPARATORY COURSES IN LEARNING AREA ONE; ENGLISH LANGUAGE AND GRAMMAR.]

A student should be able to demonstrate comprehension of English and grammar that is appropriate for the student's grade level by reading, listening, and viewing nonfiction and fiction selections to identify main ideas and support details, retell main events or ideas in sequence,

pronounce new words using phonics, demonstrate techniques of improving and expanding vocabulary, and demonstrate a grade-level-appropriate reading rate.

Sec. 26. [120B.0234] [PREPARATORY COURSES IN LEARNING AREA TWO; LITERATURE AND COMPOSITION.]

Subdivision 1. [READING AND WRITING.] A student should be able to demonstrate the ability to read, write, and use correct spelling and grammar for a variety of academic purposes, situations, and audiences for the student's grade level.

Subd. 2. [PUBLIC SPEAKING.] A student should be able to demonstrate the ability to speak to an audience.

Sec. 27. [120B.0235] [PREPARATORY COURSES IN LEARNING AREA THREE; MATHEMATICS.]

Subdivision 1. [NUMBER RELATIONSHIPS.] A student should be able to:

(1) use number relationships to represent information and solve problems;

(2) describe and analyze two- and three-dimensional shapes and spaces using appropriate whole and partial units, including metric, to measure length, time, weight, volume, temperature, angle, and area, and names and properties of common two- and three-dimensional shapes;

(3) describe and compare two- and three-dimensional geometric figures existing in the physical world; and

(4) measure, including identifying the type of measurement required, selecting the appropriate tools and units of measurement, and measuring accurately.

Subd. 2. [NUMBER OPERATIONS.] A student should be able to demonstrate understanding of:

(1) concepts of place value, variables, and equations;

(2) when and how to use number operations;

(3) addition, subtraction, and multiplication of single-digit multiples of powers of ten; and

(4) when and how to use a variety of estimation strategies.

Subd. 3. [BASIC CONCEPTS OF COORDINATE.] A student should be able to:

(1) demonstrate understanding of basic concepts of coordinate, by knowing precise mathematical names and properties of two- and three-dimensional shapes, converting common measurement units within the metric system and customary systems, and understanding how properties of shapes affect stability and rigidity of objects; and

(2) recognize and describe shape, size, and position of two- and three-dimensional objects and the images of the objects under transformations.

Subd. 4. [NUMBER CONCEPTS.] A student should be able to demonstrate understanding of:

(1) number concepts including place value, exponents, prime and composite numbers, multiples, and factors;

(2) fractions, decimals, percents, integers, and numbers in scientific notation that translate among equivalent forms; and

(3) how to compare and order numbers within a set.

Subd. 5. [CONCEPTS OF ALGEBRA.] A student should be able to:

(1) analyze patterns and use concepts of algebra to represent mathematical relationships, including demonstrating understanding of the concepts of variables, expressions, and equations; and

(2) use properties of mathematics to informally justify reasoning.

Subd. 6. [GRADE LEVEL KNOWLEDGE; USE OF CALCULATORS.] Knowledge of the concepts under this section must be appropriate for the student's grade level. Districts are encouraged not to use calculators for kindergarten through grade 5.

Sec. 28. [120B.0236] [PREPARATORY COURSES IN LEARNING AREA FOUR; SCIENCE.]

Subdivision 1. [PHYSICAL AND LIFE SCIENCE.] A student should be able to demonstrate knowledge of basic science concepts of physical science and life science that is appropriate for the student's grade level.

Subd. 2. [BIOLOGY.] A student should be able to demonstrate an understanding of:

(1) characteristics of organisms including plants, animals, and microorganisms;

(2) basic structures and functions of the human body; and

(3) cycles and patterns in living organisms and physical systems.

Sec. 29. [120B.0237] [PREPARATORY COURSES IN LEARNING AREA FIVE; HISTORY, GEOGRAPHY, AND GOVERNMENT/CITIZENSHIP.]

Subdivision 1. [HISTORY.] A student should be able to demonstrate grade-level understanding of the Declaration of Independence, the United States Constitution, Northwest Ordinance, and founding principles, truths, and themes related to key events, concepts, and people in the historical development of the United States, including:

(1) the convergence of people, colonization, settlement, and the American Revolution;

(2) expansion, the Civil War, and the Reconstruction;

(3) the relationship between American Indian tribal governments and federal and state government;

(4) industrialization, the emergence of modern America, and the Great Depression;

(5) World War II;

(6) postwar United States to the present; and

(7) Minnesota and World History.

A student should be able to demonstrate knowledge of historical events and contributions of key people from different time periods through reading and constructing time lines of key events and the actions of important people, the contributions of key historical people, and cause and effect relationships of events over an extended period of time.

Subd. 2. [GEOGRAPHY.] A student should be able to demonstrate a grade level understanding of the physical world including the United States capitals, continents, oceans, land forms, rocks, minerals, solids, waters of the earth, weather, climate, natural animal life, and natural plant life. A student must demonstrate a grade level ability to locate specific places or parts of the earth's surface or physical environment.

Subd. 3. [GOVERNMENT/CITIZENSHIP.] A student should be able to demonstrate grade level understanding of the foundations, rights, and responsibilities of United States citizenship including:

(1) how the United States, as established by the Declaration of Independence, Constitution, and Northwest Ordinance, embodies the principles and ideals of a constitutional representative republic and individual self-governance;

(2) the rights and responsibilities of United States citizens, noncitizens, and dual citizens; and

(3) the formal and informal structures within which interest groups exercise power.

Sec. 30. [120B.0238] [PREPARATORY COURSES IN LEARNING AREA SIX; THE ARTS.]

Subdivision 1. [ART FORMS.] (a) A student should be able to describe at least three of the art forms in this section using the vocabulary of the art form and identify similarities and differences between different art forms in:

(1) visual art;

(2) music;

(3) theater; and

(4) dance.

(b) Expectations regarding student work under this section must be appropriate for the student's grade level.

Subd. 2. [ARTISTIC CREATIVITY AND PERFORMANCE; ARTISTIC INTERPRETATION.] (a) A student should be able to:

(1) know the expressive and technical elements of an art form; and

(2) perform or present in each art form, including using principles and elements of the art form and creating original works in a variety of contexts.

(b) A student should be able to interpret and evaluate a variety of art works, performances, or presentations by analyzing art works using the elements, principles, and styles of the art form and evaluating works of art.

Sec. 31. [120B.0239] [PREPARATORY CONTENT STANDARDS IN LEARNING AREA SEVEN; PERSONAL FITNESS AND HEALTH.]

(a) A student should be able to demonstrate a grade level understanding of activities that promote personal fitness, health, nutrition, and safety.

(b) A student should be able to demonstrate a grade level understanding of:

(1) the consequences of using drugs, alcohol, and tobacco;

(2) the strategies to prevent the spread of communicable diseases;

(3) the strategies for preventing accidents; and

(4) age-appropriate nutritional recommendations.

(c) A student should be able to demonstrate a grade level understanding of motor skills and physical fitness and participate in physical activities that develop motor skills and physical fitness.

Sec. 32. [120B.0240] [PREPARATORY COURSES IN LEARNING AREA EIGHT; SECOND LANGUAGES.]

A student should be able to demonstrate the ability to communicate in another language on age-appropriate topics, including knowing and understanding language features needed for communication.

Sec. 33. [120B.36] [ASSESSMENT OF PERFORMANCE IN PUBLIC SCHOOLS.]

(a) Public schools shall annually assess the performance of every child enrolled in public school using a nationally norm-referenced standardized achievement examination. The local school board annually shall select the examination for each grade level. The board must notify the parent or guardian of every child of the name and date of the test at least 14 calendar days before the test is given. Parents who object to the test must notify the school of their objection in writing and name an alternative nationally norm-referenced standardized achievement examination for their child to take. The school must give the child the alternative examination within a reasonable period of time of when the test selected by the board is given. School officials shall place children's test results in their education records.

(b) Each local school board shall establish a written policy indicating what assistance the school district will make available to children and their parents when a child's total battery score on an achievement examination is at or below the 30th percentile.

(c) No state or local unit of government may enter into an exclusive agreement with a testing company to provide only a single form of an examination to the state or a local school district.

Sec. 34. Minnesota Statutes 1999 Supplement, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a post-secondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a post-secondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule North Star standard. The rules adopted under this paragraph apply to teachers who renew their licenses in year 2001 and later.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

Sec. 35. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 14, is amended to read:

Subd. 14. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the Uniform Fire Code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;
- (15) to purchase or lease interactive telecommunications equipment;
- (16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the

amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library books or technology;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a ~~results-oriented graduation rule~~ the state's North Star Standard of genuine academic excellence;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

Sec. 36. Minnesota Statutes 1999 Supplement, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter in an amount equal to the amount paid for education-related expenses for a qualifying child in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or by a member of the Minnesota music teachers association, for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the ~~graduation rule~~ North Star Standard under section 120B.02 and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of \$200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the ~~graduation rule~~ North Star

Standard under section 120B.02 purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for transportation of a qualifying child attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363.

For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

Sec. 37. [REPEALER.]

(a) Minnesota Statutes 1998, section 120B.03, subdivision 1, is repealed.

(b) Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320; 3501.0330; 3501.0340; 3501.0350; 3501.0360; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0430; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; and 3501.0469, are repealed.

Sec. 38. [EFFECTIVE DATE.]

Sections 1 to 37 are effective for the 2000-2001 school year and following."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 36, as follows:

Those who voted in the affirmative were:

Belanger	Frederickson	Larson	Olson	Scheevel
Berg	Kierlin	Lesewski	Ourada	Stevens
Day	Kiscaden	Limmer	Pariseau	Terwilliger
Dille	Kleis	Neuville	Robling	Ziegler
Fischbach	Knutson	Oliver	Runbeck	

Those who voted in the negative were:

Anderson	Janezich	Krentz	Piper	Spear
Berglin	Johnson, D.E.	Laidig	Pogemiller	Stumpf
Betzold	Johnson, D.H.	Langseth	Price	Vickerman
Cohen	Johnson, D.J.	Lessard	Ranum	Wiener
Flynn	Junge	Lourey	Ring	
Foley	Kelley, S.P.	Marty	Robertson	
Higgins	Kelly, R.C.	Novak	Samuelson	
Hottinger	Kinkel	Pappas	Scheid	

The motion did not prevail. So the amendment was not adopted.

Senator Neuville moved to amend S.F. No. 3286 as follows:

Page 4, after line 14, insert:

"(h) The commissioner shall waive all the profile of learning rules for districts that pass a resolution to provide instruction reflecting rigorous academic standards, distinguishable from the minimum competencies reflected in the basic requirements assessment. The requirement for high school graduation must include:

(1) the basic requirements; and

(2) rigorous academic standards which meet or exceed state standards and assessment methods adopted by the district, which must measure student learning in at least the following subject

areas: communication skills, including reading and writing, literature, and fine arts; mathematics, including at least geometry and algebra; science, including at least biology and physical science; social studies, including at least history, geography, economics, and government; health and physical education; and computer sciences.

(i) The teachers of the district may petition the school board to pass a waiver resolution according to paragraph (h). The petition must be signed by a majority of the licensed classroom teachers in the district. The board shall consider and vote on the petition. If the board does not pass the resolution upon request of the teachers, then the waiver request must be submitted to the voters of the district at the next school board election."

Senator Neuville moved to amend the Neuville amendment to S.F. No. 3286 as follows:

Page 1, delete lines 19 to 26

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Neuville amendment, as amended.

The roll was called, and there were yeas 31 and nays 32, as follows:

Those who voted in the affirmative were:

Berg	Kelly, R.C.	Lesewski	Ourada	Vickerman
Day	Kierlin	Lessard	Pariseau	Wiger
Dille	Kinkel	Limmer	Robling	Ziegler
Fischbach	Kiscaden	Marty	Runbeck	
Frederickson	Kleis	Neuville	Scheevel	
Hanson	Knutson	Oliver	Stevens	
Johnson, D.E.	Langseth	Olson	Terwilliger	

Those who voted in the negative were:

Anderson	Higgins	Krentz	Piper	Scheid
Belanger	Hottinger	Laidig	Pogemiller	Spear
Berglin	Janezich	Larson	Price	Stumpf
Betzold	Johnson, D.H.	Lourey	Ranum	Wiener
Cohen	Johnson, D.J.	Moe, R.D.	Ring	
Flynn	Junge	Novak	Robertson	
Foley	Kelley, S.P.	Pappas	Samuelson	

The motion did not prevail. So the Neuville amendment, as amended, was not adopted.

Senator Olson moved to amend S.F. No. 3286 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [MORATORIUM; MORATORIUM REPEAL.]

(a) Minnesota Statutes, sections 120B.02 and 120B.03, and other law and rules governing the state's profile of learning, including preparatory content standards and state high school graduation standards related to the profile of learning, are not mandated by the state for kindergarten through grade 12 students.

(b) Paragraph (a) shall remain in effect until:

(1) the commissioner certifies to the legislature that, under section 2, the recommendations in the commissioner's plan have been addressed and districts' technology needs for reporting have been fully met; and

(2) after the legislature receives the certification under clause (1), a law is enacted specifically repealing paragraph (a).

(c) During the period of the moratorium, school districts may develop and implement a system of high academic standards for students. Districts may disseminate to the commissioner information about the district's system of high academic standards for students. The

commissioner, at the request of a school district, must disseminate to that district the information the commissioner receives about districts' systems of high academic standards for students that are developed and implemented under this paragraph.

Sec. 2. [REPORT; IMPLEMENTATION PLAN; TECHNOLOGY NEEDS; CERTIFICATION.]

Subdivision 1. [REPORT ON CONTRACTORS' RECOMMENDATIONS; IMPLEMENTATION PLAN.] After two nationally recognized independent organizations under contract, including the American Federation of Teachers, conduct an external review of the state's standards and related procedures, policies, assessments, and the department of children, families, and learning's implementation plan consistent with section 3, the commissioner must analyze the contractors' recommendations and report to the legislature by December 15, 2000. The report must contain the contractors' recommendations, the commissioner's analysis of the contractors' recommendations, and a plan the commissioner develops in response to those recommendations for implementing the recommendations the commissioner considers appropriate. The plan must indicate how the commissioner proposes to alter graduation standards under the profile of learning to meet the educational needs of all students. The plan must separately indicate which of the contractors' recommendations that the commissioner considers appropriate:

- (1) can be effected through administrative actions;
- (2) require changes in rule; and
- (3) require changes in law.

The commissioner may implement the recommendations under clause (1), but must not begin to adopt rules to implement the recommendations under clause (2) until specifically authorized by law. The commissioner is prohibited from implementing the recommendations under clause (3).

Subd. 2. [TECHNOLOGY NEEDS.] The commissioner must work with school districts to ensure that all districts have sufficient ongoing access to computers and needed software at minimal cost, and staff training and support to permit:

- (1) efficient daily classroom recordkeeping;
- (2) consistent communications between schools and between school districts; and
- (3) compatible local and state accountability reporting.

Subd. 3. [ANNUAL REPORTS.] The commissioner annually by December 15 must report to the legislature on the progress made in implementing the commissioner's plan under subdivision 1 and meeting districts' technology needs for reporting under subdivision 2. The commissioner must continue to present an annual progress report until the conditions under section 1, paragraph (b), are met.

Sec. 3. [CONTENT OF EXTERNAL REVIEW.]

(a) The contractors under section 2 must examine and report on the quality of the state's standards and assessments as an integrated educational system.

(b) The contractors' report must include:

- (1) an analysis of the link between the state's standards and assessments intended to hold schools accountable for educational achievement;
- (2) meaningful comparisons and specific recommendations for revision by benchmarking the state's standards and assessments against the best existing models; and
- (3) diagnostic information, including the strengths and weaknesses of the state's academic standards.

(c) For benchmarking purposes, the contractors must indicate:

(1) whether the standards are clear, specific, and measurable, and whether they are easily understood by teachers, parents, and students;

(2) how Minnesota's standards in English, mathematics, science, and social studies compare to objective exemplary standards; what important elements found in the objective exemplary standards are not found in Minnesota's standards; and what is most important for students to learn;

(3) how well state assessments measure the standards, whether the assessments measure the core academic standards and, if they do not, which standards are not adequately measured;

(4) whether the state assessments are challenging, or more demanding or less demanding than the standards imply, and whether the assessments are set at an appropriate level of difficulty for a particular grade level; and

(5) how proficiency is defined on the state's assessments, whether this definition is comparable to the definition of proficiency, and what changes can strengthen the quality and alignment of the state's standards and assessments.

Sec. 4. Minnesota Statutes 1998, section 120A.41, is amended to read:

120A.41 [LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.]

A school board's annual school calendar must include at least three additional days of student instruction or staff development training related to implementing section 16 beyond the number of days of student instruction the board formally adopted as its school calendar at the beginning of the 1996-1997 school year.

Sec. 5. Minnesota Statutes 1999 Supplement, section 120B.02, is amended to read:

120B.02 [RESULTS-ORIENTED GRADUATION RULE; BASIC SKILLS REQUIREMENTS; PROFILE OF LEARNING.]

(a) The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the commissioner shall use its rulemaking authority under section 127A.05, subdivision 4, to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The commissioner shall not prescribe in rule or otherwise the delivery system or form of instruction that local sites must use to meet the requirements contained in this rule.

(b) To successfully accomplish paragraph (a), the commissioner shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy;
and

(3) the department of children, families, and learning, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable;

(4)(i) student work completed in the six required learning areas of learning area 1, English language and grammar; learning area 2, composition and speech; learning area 3, mathematics; learning area 4, science; learning area 5, social studies; and learning area 6, literature and the arts;

means high school students in grades 9 to 12 must at least complete 12 content standards that include six state-required content standards and six elective content standards, (ii) middle school students in grades 6 to 8 must at least complete one content standard in each of the six required learning areas, (iii) intermediate school students in grades 4 and 5 must complete a content standard in learning areas 1, 2, and 3 and two elective content standards, and (iv) primary school students in kindergarten to grade 3 must focus on learning areas 1, 2, and 3 but are not required to complete content standards in any learning areas;

(5) districts, at their election, may offer students a seventh learning area of world language from which students may satisfy an elective content standard requirement; and

(6) a student who is participating in a rigorous course of study, including an advanced placement or international baccalaureate program, talented youth mathematics project, a concurrent enrollment course where a student takes a college course in a secondary school setting, or a post-secondary enrollment options course or program under section 124D.09, is not required to complete other requirements of any content standards corresponding to the student's rigorous course of study.

(c) Districts must ensure that:

(1) district curriculum and corresponding instruction incorporate content standards in courses offered to students;

(2) assessment of student academic achievement on a content standard is integrated into the grade the student receives for the quality of work a student completes for a course or program; and

(3) all required and elective content standards contain elements of decision making and inquiry.

(d) For purposes of adopting the rule, the commissioner, in consultation with the department, recognized psychometric experts in assessment, and other interested and knowledgeable educators, using the most current version of professional standards for educational testing, shall evaluate the alternative approaches to assessment.

(e) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota must include both basic requirements and the required profile of learning. The profile of learning must measure student performance academic achievement using performance-based assessments based on student academic achievement compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The profile of learning shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens. The commissioner shall develop and disseminate to school districts a uniform method for reporting student performance academic achievement on the profile of learning. Districts may use outstanding work from each grade level as exemplars for measuring student work in that grade.

(f) The commissioner shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

(g) The commissioner shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 120B.10 until such time as all the graduation requirements are implemented.

(h) Basic skills and profile of learning requirements must be developed and implemented independently of any national education goals established under the 1994 Goals 2000: Educate America Act.

Sec. 6. [120B.0215] [VARIATIONS FOR STUDENTS WITH INDIVIDUAL EDUCATION PLANS OR SECTION 504 ACCOMMODATION PLANS.]

Subdivision 1. [DETERMINATION OF REQUIREMENTS.] (a) A student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan shall have all content standards considered by the student's individual education plan team or section 504 accommodation plan team for inclusion in the student's individual education plan or section 504 accommodation plan under subdivision 2.

(b) A student's individual education plan team or section 504 accommodation plan team must consider the state's graduation requirements for inclusion in the student's individual education plan or section 504 accommodation plan when a student with a disability is 14 years old or registers for grade 9, whichever is first. An individual education plan team also must consider the student's transition plan when determining which of the required and elective content standards to include in the student's individual education plan.

Subd. 2. [INDIVIDUALIZED PLANS.] (a) For a student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team may modify preparatory content standards for the student in the individual education plan or section 504 accommodation plan. The team must determine the specifications of a content standard the student will pursue under the selected modification. If the team determines that the student is exempt from one or more of the content standards, it must explain the exemption in the student's individual education plan or section 504 accommodation plan. When the team adopts an exempt status for a content standard, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(b) For a high school student with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team must:

(1) determine whether the student will pursue the content standards without modification;
(2) determine whether one or more of the required content standards will be modified to an individual level;

(3) define the elective content standards that the student also will pursue and whether, for each elective, the student will pursue the content standard without modification or have the content standard modified to an individual level; or

(4) determine whether the student is exempt from one or more of the state's graduation requirements.

When the team adopts exempt status for a content standard, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(c) A student's individual education plan team or section 504 accommodation plan team must determine the specifications of a preparatory or high school content standard the student will pursue when the team modifies a content standard. When a content standard is modified, the student's individual education plan team or section 504 accommodation plan team must determine the appropriate assessment of the modified content standard.

Sec. 7. [120B.0216] [ENGLISH PROFICIENCY; INDIVIDUAL GRADUATION PLANS.]

A district must establish and maintain procedures giving students the opportunity to complete both preparatory courses and high school content standards. Graduation requirements for a student must not be modified unless section 120B.0215 applies or unless modified in an individual graduation plan developed for a student with limited English proficiency and annually reviewed by a team that includes school advisory staff designated by the district, the student's teachers, the student's parent or guardian, and the student. A district must not modify specifications for standards in learning areas one to six to permit a student to complete a standard in a language other than English.

Sec. 8. [120B.0217] [TESTING AND ASSESSMENT; MEASURING STUDENT PERFORMANCE.]

Subdivision 1. [DISTRICT CRITERION-REFERENCED TESTING AND ASSESSMENT REQUIREMENTS.] (a) The commissioner must develop a state model for local criterion-referenced testing and assessment consistent with this section.

(b) A district must:

- (1) test and assess student performance in preparatory and high school content standards;
- (2) establish processes by which to transfer as completed (i) those content standards that other Minnesota public school districts verify on transcripts as completed, (ii) the work that post-secondary educational institutions or educational institutions outside the state accept for completing the equivalent of content standards and verify on transcripts as completed, and (iii) a student's opportunities to complete high school content standards through learning the student acquires outside the district's curriculum; and
- (3) use grading criteria under subdivision 2.

Subd. 2. [GRADING.] The assessment of student achievement under the profile of learning must align with the district's grading system and must be included as part of the student's grade for a subject or course.

Sec. 9. [120B.0218] [NOTICE TO PARENTS AND STUDENTS.]

In addition to other applicable notice requirements, the district must notify parents and students in writing about:

- (1) the content standards taught and assessed in the school curriculum;
- (2) the procedures for advising the student and the student's parent or guardian about graduation requirements and for accessing these procedures;
- (3) the procedures by which students may meet graduation requirements with the equivalent of content standards completed outside the district's curriculum; and
- (4) the district's individual student progress and achievement reporting schedule.

Sec. 10. Minnesota Statutes 1998, section 120B.03, subdivision 1, is amended to read:

Subdivision 1. [DISTRICT IMPLEMENTATION OF THE PROFILE OF LEARNING.] (a) A school district shall implement the profile of learning of the graduation rule under paragraph (b), or (c), or (d).

~~A district may implement the profile of learning under paragraph (c) or (d) only after the commissioner approves the district's request for a waiver and approves the local plan for full implementation.~~

~~(b) A school district shall implement the profile of learning for the 1998-1999 school year and later.~~

(e) (b) A school district shall implement the profile of learning as follows:

(1) for the 1998-1999 first school year after which the moratorium under section 1 is repealed and later, the district shall implement all the required standards in learning areas at the preparatory level and (i) must implement for ninth grade students a minimum of six at least two learning areas under the profile of learning with three from the areas of read, listen, and view English language and grammar; write and speak composition and speech; mathematical applications mathematics; scientific applications and science; and people and cultures; (ii) in addition, may implement for ninth grade students the learning areas of social studies and three from the areas of literature and the arts; inquiry; decision making; resource management; and world language;

(2) for the 1999-2000 second school year after which the moratorium under section 1 is repealed and later, the district shall implement for ninth and tenth grade students two other

~~learning areas under clause (1)(i) in addition to those implemented under clause (1) if four learning areas were not completed under clause (1)(i). The district shall complete the four learning areas of read, listen, and view; write and speak; mathematical applications; scientific applications; and people and cultures if the four areas were not completed in clause (1);, in addition, may implement the learning areas of social studies and the remainder from the areas of literature and the arts; inquiry; decision making; resource management; and world language if the learning areas were not completed under clause (1)(ii); and~~

~~(3) for the 2000-2001 third school year after which the moratorium under section 1 is repealed and later, the district shall implement for ninth, tenth, and eleventh grade students the two learning areas in the profile of learning that were not implemented under clauses (1) and (2), if applicable, with the expectation that students graduating in the fourth school year after which the moratorium under section 1 is repealed must successfully complete all profile of learning requirements under section 120B.02 in order to graduate.~~

~~(d) (c) A district shall develop a local plan to implement the profile of learning and have all ten six learning areas fully implemented by the 2001-2002 start of the third school year after which the moratorium under section 1 is repealed with the expectation that students graduating in the fourth school year after which the moratorium under section 1 is repealed must successfully complete all profile of learning requirements under section 120B.02 in order to graduate.~~

~~(e) (d) A district shall notify the commissioner by July 1, 1998 of the first school year preceding the school year in which districts' obligation to begin implementing the profile of learning under paragraph (b), clause (1), arises, as to whether the district will implement the profile of learning under paragraph (b), or (c), or (d).~~

~~(f) An advisory committee of 11 members is established to advise the governor and commissioner on the implementation of the graduation rule under this section. The commissioner shall appoint 11 members with representatives from education organizations, business, higher education, parents, and organizations representing communities of color.~~

~~The committee shall review the implementation of the basic requirements and the profile of learning standards.~~

~~The commissioner shall provide technical and other assistance to the advisory committee. The committee expires on December 1, 1998.~~

~~(e) Consistent with the requirements under section 2, subdivision 2, the commissioner shall convene an advisory group composed of qualified experts and interested stakeholders to recommend recordkeeping practices under the profile of learning. After reviewing advisory group recommendations, the commissioner must evaluate the software available to implement recordkeeping practices under the profile of learning and certify to all districts and the legislature that the software needed to record and report student academic achievement levels is readily available to all districts at minimal cost by July 1 of the first school year preceding the school year in which districts' obligation to begin implementing the profile of learning under paragraph (b), clause (1), arises.~~

~~(f) To meet the educational accountability and reporting standards under this chapter, and consistent with the requirements under section 2, subdivision 2, the commissioner shall work with school districts to develop and implement a uniform system of measuring and reporting student academic achievement completed as requirements under the profile of learning.~~

Sec. 11. Minnesota Statutes 1998, section 120B.03, subdivision 3, is amended to read:

Subd. 3. [WAIVER LOCAL PLAN.] ~~In order to receive a waiver, A district must document why the waiver is necessary, how the local plan under subdivision 1, paragraph (c), improves student achievement, and how the profile of learning will be fully implemented for the 2001-2002 students graduating in the fourth school year after which the moratorium is repealed under section 1.~~

Sec. 12. Minnesota Statutes 1999 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING AND REPORTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated aligned with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The reading and math tests administered to third and fifth grade students and the writing test administered to fifth grade students must be sufficiently rigorous, valid, and reliable for districts to use the test results for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) ~~The comprehensive assessment system shall include an evaluation of commissioner shall report school site and school district performance student academic achievement levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, of the current and two immediately preceding school years. The report shall include students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation report also shall record separately, in proximity to the reported performance baselines levels, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.~~

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with that provides testing exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis including average daily attendance, high school graduation rates, and high school drop-out rates by grade level; and

(3) ~~students' scores on the American College Test;~~

(4) participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; ~~and~~

(5) ~~basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.~~

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 13. Minnesota Statutes 1999 Supplement, section 120B.35, is amended to read:

120B.35 [STUDENT ACADEMIC ACHIEVEMENT LEVELS.]

(a) Each school year, a school district must determine if the student achievement levels at each school site meet state and local expectations. If student achievement levels at a school site do not meet state and local expectations for two out of three consecutive school years, beginning with the ~~2000-2001~~ first school year after which the moratorium under section 1 is repealed, the district must work with the school site to adopt a plan to raise student achievement levels to meet state and local expectations. The legislature will determine state expectations after receiving a recommendation from the commissioner of children, families, and learning. ~~The commissioner must submit recommendations to the legislature by January 15, 2000.~~

(b) A district, with timely and adequate technical support from the department at the district's request, must assist school sites in developing recommendations for rigorous, valid, and reliable assessment methods to determine student achievement of content standards required for graduation. The methods of assessment may be different for different content standards, but must indicate a clearly defined minimum level of student achievement in each content standard required for graduation. A district must make timely information about its assessment methods and levels of student achievement readily available in a useful format to interested members of the public and the department, consistent with the requirements of section 13.32. The district also must publish an annual report containing district information about student achievement on the state's basic reading, math, and writing tests, the content standards that students must complete under the profile of learning in order to graduate, sample assessment methods the district uses to determine student achievement, and planned and implemented district efforts to improve student learning and district instruction and curriculum, which it must disseminate to district residents and transmit to the department in a useful and timely manner. The commissioner must review the performance of a school site or district demonstrating a pattern of low student achievement on the state's third and fifth grade reading and math tests and fifth grade writing test and on the eighth grade basic reading and math skills tests and tenth grade writing skills test, and may review the performance of other districts at the request of the district or at the discretion of the commissioner. The commissioner must pay the costs of these reviews.

(c) The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

Sec. 14. Minnesota Statutes 1998, section 123A.06, is amended by adding a subdivision to read:

Subd. 3a. [GRADUATION REQUIREMENT ALTERNATIVE.] The profile of learning high school graduation requirement under section 120B.02 does not apply to students enrolled in an area learning center if the center has:

(1) adopted a resolution to use alternative graduation requirements that are specified and detailed; and

(2) informed the parent or guardian of students who are enrolled or applying to enroll of this resolution.

Sec. 15. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 10, is amended to read:

Subd. 10. [PUPIL PERFORMANCE.] A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the sponsor. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students. The profile of learning high school graduation requirement under section 120B.02 does not apply to students enrolled in a charter school if the board has:

(1) adopted a resolution to use alternative graduation requirements that are specified and detailed; and

(2) informed the parent or guardian of students who are enrolled or applying to enroll of this resolution.

Sec. 16. [CURRICULUM; INSTRUCTIONAL PRACTICES FOR TEACHERS; ALTERNATIVE ASSESSMENTS.]

To fully implement standards and assessments, districts must work to improve:

(1) the scope and sequence of curriculum, especially in language arts, mathematics, science, and social studies at all instruction levels;

(2) research-based instructional skills of teachers and other district staff who work with students; and

(3) alternative assessments of student achievement.

Sec. 17. [CONTRACTORS TO COMPARE PROPOSALS.]

The commissioner separately must contract with each of the two nationally recognized independent organizations under contract in section 2 to conduct an external review and analysis of the learning areas and content standards proposed in a Minnesota revisor of statutes document labeled A00-1008 and dated 03/06/00. This review and analysis must incorporate the review content listed in section 3 and must compare the state's standards and related procedures, policies, and assessments with the proposals in a Minnesota revisor of statutes document labeled A00-1008 and dated 03/06/00. The contractors must report their findings by December 15, 2000, to the commissioner and the education committees of the legislature.

Sec. 18. [DISSEMINATING INFORMATION.]

The commissioner, in a timely fashion using readily accessible formats, must disseminate clear information to all school districts about the changes made in this act.

Sec. 19. [EFFECT ON PROFILE OF LEARNING RULES.]

The rules of the department of children, families, and learning are void to the extent they are inconsistent with this act.

Sec. 20. [DEPARTMENT COSTS.]

The department of children, families, and learning is responsible for any costs resulting from the implementing of this act.

Sec. 21. [REPEALER.]

(a) Minnesota Statutes 1998, sections 120B.03, subdivision 2; and 120B.04, are repealed.

(b) Minnesota Rules, parts 3501.0320, subpart 2, items E and F; 3501.0360; 3501.0370; 3501.0400; and 3501.0430, items A to D, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 to 21 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; balancing statewide accountability and district autonomy under the profile of learning; requiring the graduation rule to be developed independently of any national education goals; reducing the required number of content standards; including decision making and inquiry in all content standards; determining scoring criteria and recordkeeping practices; amending Minnesota Statutes 1998, sections 120A.41; 120B.03,

subdivisions 1 and 3; and 123A.06, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 120B.02; 120B.30, subdivision 1; 120B.35; and 124D.10, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 120B; repealing Minnesota Statutes 1998, sections 120B.03, subdivision 2; and 120B.04; Minnesota Rules, parts 3501.0320, subpart 2, items E and F; 3501.0360; 3501.0370; 3501.0400; and 3501.0430, items A, B, C, and D."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Belanger	Hanson	Langseth	Neuville	Runbeck
Berg	Johnson, D.E.	Larson	Oliver	Samuelson
Day	Kierlin	Lesewski	Olson	Scheevel
Dille	Kiscaden	Lessard	Ourada	Stevens
Fischbach	Kleis	Limmer	Pariseau	Terwilliger
Frederickson	Knutson	Marty	Robling	Ziegler

Those who voted in the negative were:

Anderson	Hottinger	Kinkel	Pogemiller	Stumpf
Berglin	Janezich	Krentz	Price	Vickerman
Betzold	Johnson, D.H.	Laidig	Ranum	Wiener
Cohen	Johnson, D.J.	Lourey	Ring	Wiger
Flynn	Junge	Novak	Robertson	
Foley	Kelley, S.P.	Pappas	Scheid	
Higgins	Kelly, R.C.	Piper	Spear	

The motion did not prevail. So the amendment was not adopted.

RECONSIDERATION

Having voted on the prevailing side, Senator Larson moved that the vote whereby the Neuville amendment to S.F. No. 3286 was not adopted on March 16, 2000, be now reconsidered.

The question was taken on the adoption of the motion.

Senator Robertson moved that those not voting be excused from voting. The motion did not prevail.

Senator Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 31 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Larson	Olson	Terwilliger
Berg	Kierlin	Lesewski	Ourada	Vickerman
Day	Kinkel	Lessard	Pariseau	Ziegler
Dille	Kiscaden	Limmer	Robling	
Fischbach	Kleis	Marty	Runbeck	
Frederickson	Knutson	Neuville	Scheevel	
Hanson	Langseth	Oliver	Stevens	

Those who voted in the negative were:

Anderson	Hottinger	Krentz	Pogemiller	Scheid
Berglin	Janezich	Laidig	Price	Spear
Betzold	Johnson, D.H.	Lourey	Ranum	Stumpf
Cohen	Johnson, D.J.	Moe, R.D.	Ring	Wiener
Flynn	Junge	Novak	Robertson	Wiger
Foley	Kelley, S.P.	Pappas	Sams	
Higgins	Kelly, R.C.	Piper	Samuelson	

The motion did not prevail. So the vote was not reconsidered.

Senator Neuville moved to amend S.F. No. 3286 as follows:

Page 4, after line 14, insert:

"(h) The commissioner shall waive all the profile of learning rules for districts that pass a resolution to provide instruction reflecting rigorous academic standards, distinguishable from the minimum competencies reflected in the basic requirements assessment. The requirement for high school graduation must include:

(1) the basic requirements; and

(2) rigorous academic standards which meet or exceed state standards and assessment methods adopted by the district, which must measure student learning in at least the following subject areas: communication skills, including reading and writing, literature, and fine arts; mathematics, including at least geometry and algebra; science, including at least biology and physical science; social studies, including at least history, geography, economics, and government; health and physical education; and computer sciences.

(i) The teachers of the district may petition the school board to pass a waiver resolution according to paragraph (h). The petition must be signed by a majority of the licensed classroom teachers in the district. The board shall consider and vote on the petition. If the board does not pass the resolution upon request of the teachers, then the waiver request must be submitted to the voters of the district at the next school board election."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 34, as follows:

Those who voted in the affirmative were:

Berg	Johnson, D.E.	Larson	Oliver	Samuelson
Day	Kierlin	Lesewski	Olson	Scheevel
Dille	Kinkel	Lessard	Ourada	Stevens
Fischbach	Kleis	Limmer	Pariseau	Vickerman
Frederickson	Knutson	Marty	Robling	Wiger
Hanson	Langseth	Neuville	Runbeck	Ziegler

Those who voted in the negative were:

Anderson	Higgins	Kelly, R.C.	Piper	Scheid
Belanger	Hottinger	Kiscaden	Pogemiller	Solon
Berglin	Janezich	Krentz	Price	Spear
Betzold	Johnson, D.H.	Lourey	Ranum	Stumpf
Cohen	Johnson, D.J.	Metzen	Ring	Terwilliger
Flynn	Junge	Moe, R.D.	Robertson	Wiener
Foley	Kelley, S.P.	Pappas	Sams	

The motion did not prevail. So the amendment was not adopted.

Senator Oliver moved to amend S.F. No. 3286 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [REPORT; IMPLEMENTATION PLAN; TECHNOLOGY NEEDS; CERTIFICATION.]

Subdivision 1. [REPORT ON CONTRACTORS' RECOMMENDATIONS; IMPLEMENTATION PLAN.] After two nationally recognized independent organizations under contract, including the American Federation of Teachers, conduct an external review of the state's standards and related procedures, policies, assessments, and the department of children, families, and learning's implementation plan consistent with section 2, the commissioner must analyze the contractors' recommendations and report to the legislature by December 15, 2000. The report must contain the contractors' recommendations, the commissioner's analysis of the contractors' recommendations, and a plan the commissioner develops in response to those recommendations for implementing the recommendations the commissioner considers appropriate. The plan must

indicate how the commissioner proposes to alter graduation standards under the profile of learning to meet the educational needs of all students. The plan must separately indicate which of the contractors' recommendations that the commissioner considers appropriate:

- (1) can be effected through administrative actions;
- (2) require changes in rule; and
- (3) require changes in law.

The commissioner may implement the recommendations under clause (1), but must not begin to adopt rules to implement the recommendations under clause (2) until specifically authorized by law. The commissioner is prohibited from implementing the recommendations under clause (3).

Subd. 2. [TECHNOLOGY NEEDS.] The commissioner must work with school districts to ensure that all districts have sufficient ongoing access to computers and needed software at minimal cost, and staff training and support to permit:

- (1) efficient daily classroom recordkeeping;
- (2) consistent communications between schools and between school districts; and
- (3) compatible local and state accountability reporting.

Subd. 3. [ANNUAL REPORTS.] The commissioner annually by December 15 must report to the legislature on the progress made in implementing the commissioner's plan under subdivision 1 and meeting districts' technology needs for reporting under subdivision 2.

Sec. 2. [CONTENT OF EXTERNAL REVIEW.]

(a) The contractors under section 1 must examine and report on the quality of the state's standards and assessments as an integrated educational system.

(b) The contractors' report must include:

(1) an analysis of the link between the state's standards and assessments intended to hold schools accountable for educational achievement;

(2) meaningful comparisons and specific recommendations for revision by benchmarking the state's standards and assessments against the best existing models; and

(3) diagnostic information, including the strengths and weaknesses of the state's academic standards.

(c) For benchmarking purposes, the contractors must indicate:

(1) whether the standards are clear, specific, and measurable, and whether they are easily understood by teachers, parents, and students;

(2) how Minnesota's standards in English, mathematics, science, and social studies compare to objective exemplary standards; what important elements found in the objective exemplary standards are not found in Minnesota's standards; and what is most important for students to learn;

(3) how well state assessments measure the standards, whether the assessments measure the core academic standards and, if they do not, which standards are not adequately measured;

(4) whether the state assessments are challenging, or more demanding or less demanding than the standards imply, and whether the assessments are set at an appropriate level of difficulty for a particular grade level; and

(5) how proficiency is defined on the state's assessments, whether this definition is comparable to the definition of proficiency, and what changes can strengthen the quality and alignment of the state's standards and assessments.

Sec. 3. Minnesota Statutes 1998, section 120A.41, is amended to read:

120A.41 [LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.]

A school board's annual school calendar must include at least three additional days of student instruction or staff development training related to implementing section 15 beyond the number of days of student instruction the board formally adopted as its school calendar at the beginning of the 1996-1997 school year.

Sec. 4. Minnesota Statutes 1999 Supplement, section 120B.02, is amended to read:

120B.02 [RESULTS-ORIENTED GRADUATION RULE; BASIC SKILLS REQUIREMENTS; PROFILE OF LEARNING.]

(a) The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the commissioner shall use its rulemaking authority under section 127A.05, subdivision 4, to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The commissioner shall not prescribe in rule or otherwise the delivery system or form of instruction that local sites must use to meet the requirements contained in this rule.

(b) To successfully accomplish paragraph (a), the commissioner shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy;
and

(3) the department of children, families, and learning, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable;

(4)(i) student work completed in the six required learning areas of learning area 1, English language and grammar; learning area 2, composition and speech; learning area 3, mathematics; learning area 4, science; learning area 5, social studies; and learning area 6, literature and the arts; means high school students in grades 9 to 12 must at least complete 12 content standards that include six state-required content standards and six elective content standards, (ii) middle school students in grades 6 to 8 must at least complete one content standard in each of the six required learning areas, (iii) intermediate school students in grades 4 and 5 must complete a content standard in learning areas 1, 2, and 3 and two elective content standards, and (iv) primary school students in kindergarten to grade 3 must focus on learning areas 1, 2, and 3 but are not required to complete content standards in any learning areas;

(5) districts, at their election, may offer students a seventh learning area of world language from which students may satisfy an elective content standard requirement; and

(6) a student who is participating in a rigorous course of study, including an advanced placement or international baccalaureate program, talented youth mathematics project, a concurrent enrollment course where a student takes a college course in a secondary school setting, or a post-secondary enrollment options course or program under section 124D.09, is not required to complete other requirements of any content standards corresponding to the student's rigorous course of study.

(c) Districts must ensure that:

(1) district curriculum and corresponding instruction incorporate content standards in courses offered to students;

(2) assessment of student academic achievement on a content standard is integrated into the grade the student receives for the quality of work a student completes for a course or program; and

(3) all required and elective content standards contain elements of decision making and inquiry.

(d) For purposes of adopting the rule, the commissioner, in consultation with the department, recognized psychometric experts in assessment, and other interested and knowledgeable educators, using the most current version of professional standards for educational testing, shall evaluate the alternative approaches to assessment.

(d) (e) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota must include both basic requirements and the required profile of learning. The profile of learning must measure student performance academic achievement using performance-based assessments based on student academic achievement compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The profile of learning shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens. The commissioner shall develop and disseminate to school districts a uniform method for reporting student performance academic achievement on the profile of learning. Districts may use outstanding work from each grade level as exemplars for measuring student work in that grade.

(e) (f) The commissioner shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

(f) (g) The commissioner shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 120B.10 until such time as all the graduation requirements are implemented.

(h) Basic skills and profile of learning requirements must be developed and implemented independently of any national education goals established under the 1994 Goals 2000: Educate America Act.

Sec. 5. [120B.0215] [VARIATIONS FOR STUDENTS WITH INDIVIDUAL EDUCATION PLANS OR SECTION 504 ACCOMMODATION PLANS.]

Subdivision 1. [DETERMINATION OF REQUIREMENTS.] (a) A student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan shall have all content standards considered by the student's individual education plan team or section 504 accommodation plan team for inclusion in the student's individual education plan or section 504 accommodation plan under subdivision 2.

(b) A student's individual education plan team or section 504 accommodation plan team must consider the state's graduation requirements for inclusion in the student's individual education plan or section 504 accommodation plan when a student with a disability is 14 years old or registers for grade 9, whichever is first. An individual education plan team also must consider the student's transition plan when determining which of the required and elective content standards to include in the student's individual education plan.

Subd. 2. [INDIVIDUALIZED PLANS.] (a) For a student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team may modify preparatory content standards for the student in the individual education plan or section 504 accommodation plan. The team must determine the specifications of a content standard the student will pursue under the

selected modification. If the team determines that the student is exempt from one or more of the content standards, it must explain the exemption in the student's individual education plan or section 504 accommodation plan. When the team adopts an exempt status for a content standard, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(b) For a high school student with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team must:

- (1) determine whether the student will pursue the content standards without modification;
- (2) determine whether one or more of the required content standards will be modified to an individual level;
- (3) define the elective content standards that the student also will pursue and whether, for each elective, the student will pursue the content standard without modification or have the content standard modified to an individual level; or
- (4) determine whether the student is exempt from one or more of the state's graduation requirements.

When the team adopts exempt status for a content standard, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(c) A student's individual education plan team or section 504 accommodation plan team must determine the specifications of a preparatory or high school content standard the student will pursue when the team modifies a content standard. When a content standard is modified, the student's individual education plan team or section 504 accommodation plan team must determine the appropriate assessment of the modified content standard.

Sec. 6. [120B.0216] [ENGLISH PROFICIENCY; INDIVIDUAL GRADUATION PLANS.]

A district must establish and maintain procedures giving students the opportunity to complete both preparatory courses and high school content standards. Graduation requirements for a student must not be modified unless section 120B.0215 applies or unless modified in an individual graduation plan developed for a student with limited English proficiency and annually reviewed by a team that includes school advisory staff designated by the district, the student's teachers, the student's parent or guardian, and the student. A district must not modify specifications for standards in learning areas one to six to permit a student to complete a standard in a language other than English.

Sec. 7. [120B.0217] [TESTING AND ASSESSMENT; MEASURING STUDENT PERFORMANCE.]

Subdivision 1. [DISTRICT CRITERION-REFERENCED TESTING AND ASSESSMENT REQUIREMENTS.] (a) The commissioner must develop a state model for local criterion-referenced testing and assessment consistent with this section.

(b) A district must:

- (1) test and assess student performance in preparatory and high school content standards;
- (2) establish processes by which to transfer as completed (i) those content standards that other Minnesota public school districts verify on transcripts as completed, (ii) the work that post-secondary educational institutions or educational institutions outside the state accept for completing the equivalent of content standards and verify on transcripts as completed, and (iii) a student's opportunities to complete high school content standards through learning the student acquires outside the district's curriculum; and
- (3) use grading criteria under subdivision 2.

Subd. 2. [GRADING.] The assessment of student achievement under the profile of learning must align with the district's grading system and must be included as part of the student's grade for a subject or course.

Sec. 8. [120B.0218] [NOTICE TO PARENTS AND STUDENTS.]

In addition to other applicable notice requirements, the district must notify parents and students in writing about:

- (1) the content standards taught and assessed in the school curriculum;
- (2) the procedures for advising the student and the student's parent or guardian about graduation requirements and for accessing these procedures;
- (3) the procedures by which students may meet graduation requirements with the equivalent of content standards completed outside the district's curriculum; and
- (4) the district's individual student progress and achievement reporting schedule.

Sec. 9. Minnesota Statutes 1998, section 120B.03, subdivision 1, is amended to read:

Subdivision 1. [DISTRICT IMPLEMENTATION OF THE PROFILE OF LEARNING.] (a) A school district shall implement the profile of learning of the graduation rule under paragraph (b); or (c), or (d).

~~A district may implement the profile of learning under paragraph (c) or (d) only after the commissioner approves the district's request for a waiver and approves the local plan for full implementation.~~

~~(b) A school district shall implement the profile of learning for the 1998-1999 school year and later.~~

~~(e) (b) A school district shall implement the profile of learning as follows:~~

~~(1) for the 1998-1999 school year and later, the district shall implement all the required standards in learning areas at the preparatory level and (i) must implement for ninth grade students a minimum of six at least two learning areas under the profile of learning with three from the areas of read, listen, and view English language and grammar; write and speak composition and speech; mathematical applications mathematics; scientific applications and science; and people and cultures; (ii) in addition, may implement for ninth grade students the learning areas of social studies and three from the areas of literature and the arts; inquiry; decision making; resource management; and world language;~~

~~(2) for the 1999-2000 school year and later, the district shall implement for ninth and tenth grade students two other learning areas under clause (1)(i) in addition to those implemented under clause (1) if four learning areas were not completed under clause (1)(i). The district shall complete the four learning areas of read, listen, and view; write and speak; mathematical applications; scientific applications; and people and cultures if the four areas were not completed in clause (1); in addition, may implement the learning areas of social studies and the remainder from the areas of literature and the arts; inquiry; decision making; resource management; and world language if the learning areas were not completed under clause (1)(ii); and~~

~~(3) for the 2000-2001 school year and later, the district shall implement for ninth, tenth, and eleventh grade students the two learning areas in the profile of learning that were not implemented under clauses (1) and (2), if applicable.~~

~~(d) (c) A district shall develop a local plan to implement the profile of learning and have all ten six learning areas fully implemented by the 2001-2002 school year~~

~~(e) (d) A district shall notify the commissioner by July 1, 1998 of the first school year preceding the school year in which districts' obligation to begin implementing the profile of learning under paragraph (b), clause (1), arises, as to whether the district will implement the profile of learning under paragraph (b); or (c), or (d).~~

~~(f) An advisory committee of 11 members is established to advise the governor and commissioner on the implementation of the graduation rule under this section. The commissioner shall appoint 11 members with representatives from education organizations, business, higher education, parents, and organizations representing communities of color.~~

~~The committee shall review the implementation of the basic requirements and the profile of learning standards.~~

~~The commissioner shall provide technical and other assistance to the advisory committee. The committee expires on December 1, 1998.~~

(e) Consistent with the requirements under section 1, subdivision 2, the commissioner shall convene an advisory group composed of qualified experts and interested stakeholders to recommend recordkeeping practices under the profile of learning. After reviewing advisory group recommendations, the commissioner must evaluate the software available to implement recordkeeping practices under the profile of learning and certify to all districts and the legislature that the software needed to record and report student academic achievement levels is readily available to all districts at minimal cost by July 1 of the first school year preceding the school year in which districts' obligation to begin implementing the profile of learning under paragraph (b), clause (1), arises.

(f) To meet the educational accountability and reporting standards under this chapter, and consistent with the requirements under section 1, subdivision 2, the commissioner shall work with school districts to develop and implement a uniform system of measuring and reporting student academic achievement completed as requirements under the profile of learning.

Sec. 10. Minnesota Statutes 1998, section 120B.03, subdivision 3, is amended to read:

~~Subd. 3. [WAIVER LOCAL PLAN.] In order to receive a waiver, A district must document why the waiver is necessary, how the local plan under subdivision 1, paragraph (c), improves student achievement, and how the profile of learning will be fully implemented for the 2001-2002 school year.~~

Sec. 11. Minnesota Statutes 1999 Supplement, section 120B.30, subdivision 1, is amended to read:

~~Subdivision 1. [STATEWIDE TESTING AND REPORTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated aligned with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The reading and math tests administered to third and fifth grade students and the writing test administered to fifth grade students must be sufficiently rigorous, valid, and reliable for districts to use the test results for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation.~~

~~(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.~~

~~(c) The comprehensive assessment system shall include an evaluation of commissioner shall report school site and school district performance student academic achievement levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, of the current and two~~

~~immediately preceding school years. The report shall include students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation report also shall record separately, in proximity to the reported performance baselines levels, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.~~

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner shall include the following components in the statewide ~~educational accountability and public reporting system:~~

~~(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with that provides testing exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;~~

~~(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis including average daily attendance, high school graduation rates, and high school drop-out rates by grade level; and~~

~~(3) students' scores on the American College Test;~~

~~(4) participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; and~~

~~(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.~~

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 12. Minnesota Statutes 1999 Supplement, section 120B.35, is amended to read:

120B.35 [STUDENT ACADEMIC ACHIEVEMENT LEVELS.]

(a) Each school year, a school district must determine if the student achievement levels at each school site meet state and local expectations. If student achievement levels at a school site do not meet state and local expectations for two out of three consecutive school years, beginning with the 2000-2001 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet state and local expectations. The legislature will determine state expectations after receiving a recommendation from the commissioner of children, families, and learning. ~~The commissioner must submit recommendations to the legislature by January 15, 2000.~~

(b) A district, with timely and adequate technical support from the department at the district's request, must assist school sites in developing recommendations for rigorous, valid, and reliable assessment methods to determine student achievement of content standards required for graduation. The methods of assessment may be different for different content standards, but must indicate a clearly defined minimum level of student achievement in each content standard required for graduation. A district must make timely information about its assessment methods and levels of student achievement readily available in a useful format to interested members of the public and the department, consistent with the requirements of section 13.32. The district also must publish an annual report containing district information about student achievement on the state's basic reading, math, and writing tests, the content standards that students must complete under the profile of learning in order to graduate, sample assessment methods the district uses to determine

student achievement, and planned and implemented district efforts to improve student learning and district instruction and curriculum, which it must disseminate to district residents and transmit to the department in a useful and timely manner. The commissioner must review the performance of a school site or district demonstrating a pattern of low student achievement on the state's third and fifth grade reading and math tests and fifth grade writing test and on the eighth grade basic reading and math skills tests and tenth grade writing skills test, and may review the performance of other districts at the request of the district or at the discretion of the commissioner. The commissioner must pay the costs of these reviews.

(c) The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

Sec. 13. Minnesota Statutes 1998, section 123A.06, is amended by adding a subdivision to read:

Subd. 3a. [GRADUATION REQUIREMENT ALTERNATIVE.] The profile of learning high school graduation requirement under section 120B.02 does not apply to students enrolled in an area learning center if the center has:

(1) adopted a resolution to use alternative graduation requirements that are specified and detailed; and

(2) informed the parent or guardian of students who are enrolled or applying to enroll of this resolution.

Sec. 14. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 10, is amended to read:

Subd. 10. [PUPIL PERFORMANCE.] ~~A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the sponsor. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students. The profile of learning high school graduation requirement under section 120B.02 does not apply to students enrolled in a charter school if the board has:~~

(1) adopted a resolution to use alternative graduation requirements that are specified and detailed; and

(2) informed the parent or guardian of students who are enrolled or applying to enroll of this resolution.

Sec. 15. [CURRICULUM; INSTRUCTIONAL PRACTICES FOR TEACHERS; ALTERNATIVE ASSESSMENTS.]

To fully implement standards and assessments, districts must work to improve:

(1) the scope and sequence of curriculum, especially in language arts, mathematics, science, and social studies at all instruction levels;

(2) research-based instructional skills of teachers and other district staff who work with students; and

(3) alternative assessments of student achievement.

Sec. 16. [CONTRACTORS TO COMPARE PROPOSALS.]

The commissioner separately must contract with each of the two nationally recognized independent organizations under contract in section 1 to conduct an external review and analysis of the learning areas and content standards proposed in a Minnesota revisor of statutes document labeled A00-1008 and dated 03/06/00. This review and analysis must incorporate the review

content listed in section 2 and must compare the state's standards and related procedures, policies, and assessments with the proposals in a Minnesota revisor of statutes document labeled A00-1008 and dated 03/06/00. The contractors must report their findings by December 15, 2000, to the commissioner and the education committees of the legislature.

Sec. 17. [DISSEMINATING INFORMATION.]

The commissioner, in a timely fashion using readily accessible formats, must disseminate clear information to all school districts about the changes made in this act.

Sec. 18. [EFFECT ON PROFILE OF LEARNING RULES.]

The rules of the department of children, families, and learning are void to the extent they are inconsistent with this act.

Sec. 19. [DEPARTMENT COSTS.]

The department of children, families, and learning is responsible for any costs resulting from the implementing of this act.

Sec. 20. [REPEALER.]

(a) Minnesota Statutes 1998, sections 120B.03, subdivision 2; and 120B.04, are repealed.

(b) Minnesota Rules, parts 3501.0320, subpart 2, items E and F; 3501.0360; 3501.0370; 3501.0400; and 3501.0430, items A to D, are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 20 are effective the day following final enactment."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 35, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Langseth	Oliver	Vickerman
Berg	Johnson, D.H.	Larson	Ourada	Wiger
Day	Kierlin	Lesewski	Robling	Ziegler
Dille	Kinkel	Lessard	Runbeck	
Frederickson	Kiscaden	Marty	Stevens	
Hanson	Knutson	Neuville	Terwilliger	

Those who voted in the negative were:

Anderson	Higgins	Krentz	Piper	Samuelson
Berglin	Hottinger	Limmer	Pogemiller	Scheevel
Betzold	Janezich	Lourey	Price	Scheid
Cohen	Junge	Metzen	Ranum	Solon
Fischbach	Kelley, S.P.	Olson	Ring	Spear
Flynn	Kelly, R.C.	Pappas	Robertson	Stumpf
Foley	Kleis	Pariseau	Sams	Wiener

The motion did not prevail. So the amendment was not adopted.

Senator Scheevel moved to amend S.F. No. 3286 as follows:

Page 6, line 5, delete "With the"

Page 6, delete lines 6 to 16 and insert "A student who is participating in a rigorous course of study, including an advanced placement or international baccalaureate program, talented youth mathematics project, a concurrent enrollment course where a student takes a college course in a secondary school setting, or a post-secondary enrollment options course or program under section

124D.09, is not required to complete other requirements of any content standards corresponding to the student's rigorous course of study."

The question was taken on the adoption of the amendment.

Senator Kleis moved that those not voting be excused from voting. The motion did not prevail.

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Lesewski	Pariseau	Terwilliger
Berg	Kierlin	Limmer	Price	Wiger
Day	Kiscaden	Marty	Robling	Ziegler
Dille	Kleis	Neuville	Runbeck	
Fischbach	Knutson	Oliver	Sams	
Frederickson	Langseth	Olson	Scheevel	
Hanson	Larson	Ourada	Stevens	

Those who voted in the negative were:

Anderson	Hottinger	Kinkel	Pappas	Scheid
Berglin	Janezich	Krentz	Piper	Solon
Betzold	Johnson, D.H.	Laidig	Pogemiller	Spear
Cohen	Johnson, D.J.	Lessard	Ranum	Stumpf
Flynn	Junge	Lourey	Ring	Vickerman
Foley	Kelley, S.P.	Metzen	Robertson	Wiener
Higgins	Kelly, R.C.	Moe, R.D.	Samuelson	

The motion did not prevail. So the amendment was not adopted.

Senator Price moved to amend S.F. No. 3286 as follows:

Page 5, line 19, delete everything after "standards"

Page 5, line 20, delete "are not fully"

The motion prevailed. So the amendment was adopted.

Senator Neuville moved to amend S.F. No. 3286 as follows:

Page 4, lines 27 and 35, delete everything after "site"

Page 4, line 28, delete "ready to make required" and insert "requires"

Page 4, line 36, delete "required" and insert "requires"

The motion prevailed. So the amendment was adopted.

Senator Runbeck moved to amend S.F. No. 3286 as follows:

Page 11, after line 33, insert:

"Sec. 16. [TEST RESULTS RETURNED; PROMPT ELIMINATED.]

(a) A school district must return to students their written response to the January 26, 2000, test prompt from the state's basic skills test for written composition under Minnesota Statutes, section 120B.02, within 15 calendar days of receiving the students' scored responses. District personnel shall not have access to the students' responses for any purpose except to return the responses to the students.

(b) The test prompt for the state's basic skills test for written composition administered on January 26, 2000, shall no longer be administered to students."

Page 12, line 7, delete "16" and insert "17"

Renumber the sections in sequence

Amend the title accordingly

Senator Pogemiller moved to amend the Runbeck amendment to S.F. No. 3286 as follows:

Page 1, line 4, after "(a)" insert "Upon the request of the student"

The motion prevailed. So the amendment to the amendment was adopted.

Senator Pogemiller then moved to amend the Runbeck amendment to S.F. No. 3286 as follows:

Page 1, line 4, delete "students" and insert "the student"

The motion prevailed. So the amendment to the amendment was adopted.

Senator Runbeck moved to amend the Runbeck amendment to S.F. No. 3286 as follows:

Page 1, line 10, after the period, insert "The remainder of the tests shall be destroyed."

The motion prevailed. So the amendment to the amendment was adopted.

Senator Higgins moved to amend the Runbeck amendment to S.F. No. 3286 as follows:

Page 1, line 4, delete "their" and insert "the"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Runbeck amendment, as amended.

The roll was called, and there were yeas 59 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Krentz	Oliver	Samuelson
Belanger	Johnson, D.E.	Laidig	Olson	Scheevel
Berg	Johnson, D.H.	Langseth	Ourada	Scheid
Berglin	Johnson, D.J.	Larson	Pariseau	Solon
Cohen	Junge	Lesewski	Pogemiller	Stevens
Day	Kelley, S.P.	Lessard	Price	Stumpf
Dille	Kelly, R.C.	Limmer	Ranum	Terwilliger
Fischbach	Kierlin	Lourey	Ring	Vickerman
Foley	Kinkel	Metzen	Robertson	Wiener
Frederickson	Kiscaden	Moe, R.D.	Robling	Wiger
Hanson	Kleis	Neuville	Runbeck	Ziegler
Hottinger	Knutson	Novak	Sams	

Those who voted in the negative were:

Betzold	Higgins	Pappas	Piper	Spear
Flynn				

The motion prevailed. So the Runbeck amendment, as amended, was adopted.

Senator Runbeck moved to amend S.F. No. 3286 as follows:

Page 4, after line 14, insert:

"(h) (1) A teacher shall not be reduced in rank or compensation, transferred, coerced, or otherwise subjected to discriminatory treatment by a school district for expressing views concerning the requirements of chapter 120B.

(2) Clause (1) shall not apply to communications with enrolled students during the school day."

The motion did not prevail. So the amendment was not adopted.

S.F. No. 3286 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 44 and nays 22, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Kiscaden	Novak	Samuelson
Belanger	Janezich	Knutson	Pappas	Scheid
Berglin	Johnson, D.E.	Krentz	Piper	Solon
Betzold	Johnson, D.H.	Laidig	Pogemiller	Spear
Cohen	Johnson, D.J.	Lessard	Price	Stumpf
Flynn	Junge	Lourey	Ranum	Terwilliger
Foley	Kelley, S.P.	Marty	Ring	Wiener
Frederickson	Kelly, R.C.	Metzen	Robertson	Wiger
Higgins	Kinkel	Moe, R.D.	Sams	

Those who voted in the negative were:

Berg	Kierlin	Limmer	Pariseau	Vickerman
Day	Kleis	Neuville	Robling	Ziegler
Dille	Langseth	Oliver	Runbeck	
Fischbach	Larson	Olson	Scheevel	
Hanson	Lesewski	Ourada	Stevens	

So the bill, as amended, was passed and its title was agreed to.

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 Messages From the house, First Reading of House Bills, Reports of Committees and Second Reading of Senate Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 2776 and 3355.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 15, 2000

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2809.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 15, 2000

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H.F. No. 2809: A bill for an act relating to human services; clarifying admissions criteria for the Ah-Gwah-Ching center; requiring the center to provide information on and promote the use of the geriatric rapid assessment stabilization program; proposing coding for new law in Minnesota Statutes, chapter 251.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2631, now on General Orders.

REPORTS OF COMMITTEES

Senator Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Spear from the Committee on Crime Prevention, to which was referred

S.F. No. 2845: A bill for an act relating to crimes; increasing criminal penalties and driver license sanctions for underage persons who use any type of false identification to purchase or attempt to purchase alcoholic beverages or tobacco; authorizing retailers to seize false identification; amending Minnesota Statutes 1998, sections 171.171; 340A.702; and 609.685, subdivisions 2 and 3; Minnesota Statutes 1999 Supplement, sections 260B.235, subdivision 4; and 340A.503, subdivision 6.

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

Page 3, after line 17, insert:

"Sec. 3. Minnesota Statutes 1999 Supplement, section 260C.143, subdivision 4, is amended to read:

Subd. 4. [TRUANT.] When a peace officer or probation officer has probable cause to believe that a child is currently under age 16 and absent from school without lawful excuse, the officer may:

(1) transport the child to the child's home and deliver the child to the custody of the child's parent or guardian;

(2) transport the child to the child's school of enrollment and deliver the child to the custody of a school superintendent or teacher or;

(3) transport the child to a truancy service center under section 260A.04, subdivision 3; or

(4) transport the child from the child's home to the child's school of enrollment or to a truancy service center."

Page 4, line 8, delete everything after "must"

Page 4, line 9, delete everything before "deliver"

Page 4, line 10, delete "48" and insert "24"

Page 5, line 2, delete ", or 340A.503, subdivision 5"

Page 5, line 7, strike "or"

Page 5, line 9, before the period, insert "; or

(12) to violate the provisions of section 340A.503, subdivision 5, a second or subsequent time"

Page 5, after line 9, insert:

"Sec. 6. Minnesota Statutes 1998, section 609.685, subdivision 1a, is amended to read:

Subd. 1a. [GROSS MISDEMEANOR.] (a) Whoever sells tobacco to a person under the age of 18 years is guilty of a gross misdemeanor.

(b) It is an affirmative defense to a charge under this subdivision if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

(c) A retailer may seize a form of identification listed in section 304A.503, subdivision 6, if the

retailer has reasonable grounds to believe that the form of identification has been falsified or is being used to violate any law. A retailer that seizes a form of identification as authorized under this paragraph must deliver it to a law enforcement agency, within 24 hours of seizing it."

Page 5, line 32, delete "and 3 to 6" and insert "1, 2, and 4 to 8"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "authorizing peace officers to transport alleged truants from the child's home to school or to a truancy service center;"

Page 1, line 8, after "subdivisions" insert "1a," and after "2" insert a comma

Page 1, line 10, after the semicolon, insert "260C.143, subdivision 4;"

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

Senator Berglin from the Committee on Human Resources Finance, to which was re-referred

S.F. No. 689: A bill for an act relating to health; regulating complementary and alternative health care practitioners; establishing civil penalties; amending Minnesota Statutes 1999 Supplement, sections 13.99, by adding a subdivision; 147.09; and 214.01, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 146A.

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

Senator Berglin from the Committee on Human Resources Finance, to which was re-referred

S.F. No. 1038: A bill for an act relating to health occupations; establishing licensing requirements for occupational therapists and occupational therapy assistants; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Rules, parts 4666.0010; 4666.0020; 4666.0030; 4666.0040; 4666.0050; 4666.0060; 4666.0070; 4666.0080; 4666.0090; 4666.0100; 4666.0200; 4666.0300; 4666.0400; 4666.0500; 4666.0600; 4666.0700; 4666.0800; 4666.0900; 4666.1000; 4666.1100; 4666.1200; 4666.1300; and 4666.1400.

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

Senator Berglin from the Committee on Human Resources Finance, to which was re-referred

S.F. No. 2851: A bill for an act relating to labor; increasing penalties for violations of child labor laws; amending Minnesota Statutes 1998, section 181A.12, subdivision 1.

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

Senator Solon from the Committee on Commerce, to which was referred

S.F. No. 2933: A bill for an act relating to insurance; providing technical changes; amending Minnesota Statutes 1998, sections 60A.052, subdivision 1; 60A.129, subdivision 5; 61A.092, subdivision 6; 62A.136; 62C.11, subdivision 1; 62C.142, subdivision 2a; 62S.02, subdivision 1; 64B.30, subdivision 1; and 72A.20, subdivision 17; Minnesota Statutes 1999 Supplement, sections 60A.052, subdivision 2; and 72A.20, subdivision 23; repealing Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; 62H.10, subdivision 4; and 65B.13.

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

Pages 1 to 3, delete sections 1 and 2

Page 4, delete lines 5 to 9 and insert "business to the pool. An affiliated insurance company not meeting these requirements may be included in the consolidated or combined audited financial statements, if the company's total admitted assets are less than five percent of the consolidated group's total admitted assets. If"

Page 4, after line 24, insert:

"Sec. 2. Minnesota Statutes 1998, section 60K.14, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL SOLICITATION OF INSURANCE SALES.] (a) [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "agent" means a person, copartnership, or corporation required to be licensed pursuant to section 60K.02; and

(2) "personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: (i) an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which the agent represents, and the fact that the agent is an insurance agent; (ii) an attempted sale in which the prospective purchaser of insurance initiated the contact; or (iii) a personal contact which takes place at the agent's place of business.

(b) [DISCLOSURE REQUIREMENT.] Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact with the potential buyer, clearly and expressly disclose in writing:

- (1) the name ~~and state insurance agent license number~~ of the person making the contact;
- (2) the name of the agent, general agency, or insurer that person represents; and
- (3) the fact that the agent, agency, or insurer is in the business of selling insurance.

If the initial personal contact is made by telephone, the disclosures required by this subdivision need not be made in writing.

(c) [FALSE REPRESENTATION OF GOVERNMENT AFFILIATION.] No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency."

Page 5, line 6, before "employee" insert "covered" and after "employee" insert ", spouse," and after "dependent" insert "child"

Page 6, after line 17, insert:

"Sec. 7. Minnesota Statutes 1998, section 62E.04, subdivision 4, is amended to read:

Subd. 4. [MAJOR MEDICAL COVERAGE.] Each insurer and fraternal shall affirmatively offer coverage of major medical expenses to every applicant who applies to the insurer or fraternal for a new unqualified policy, which has a lifetime benefit limit of less than \$1,000,000, at the time of application and annually to every holder of such an unqualified policy of accident and health insurance renewed by the insurer or fraternal. The coverage shall provide that when a covered individual incurs out-of-pocket expenses of \$5,000 or more within a calendar year for services covered in section 62E.06, subdivision 1, benefits shall be payable, subject to any copayment authorized by the commissioner, up to a maximum lifetime limit of \$500,000. The offer of coverage of major medical expenses may consist of the offer of a rider on an existing unqualified policy or a new policy which is a qualified plan."

Page 7, after line 6, insert:

"Sec. 10. Minnesota Statutes 1998, section 65B.29, subdivision 2, is amended to read:

Subd. 2. [INSURANCE REQUIRED.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless the provider of the service contract is insured under a motor vehicle service contract reimbursement insurance policy issued by an insurer authorized to do business in this state. Insurers issuing such a policy are required to have capital and surplus equal to at least \$5,000,000 at the end of the preceding year. Capital and surplus must be calculated using the accounting standards required by section 60A.13.

Sec. 11. Minnesota Statutes 1998, section 65B.29, subdivision 3, is amended to read:

Subd. 3. [FILING REQUIREMENTS.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless a true and correct copy of the service contract and the provider's reimbursement insurance policy have been filed with the commissioner and either (1) the commissioner has approved it or (2) 60 days have elapsed and the commissioner has not disapproved it as misleading or violative of public policy. The commissioner may, by written notice to the provider, extend the review for an additional period not to exceed 60 days."

Page 9, after line 31, insert:

"Sec. 14. Minnesota Statutes 1998, section 72A.499, subdivision 1, is amended to read:

Subdivision 1. [NOTICE AND INFORMATION.] In the event of an adverse underwriting decision, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage:

(1) the specific reason or reasons for the adverse underwriting decision, a summary of the person's rights under sections 72A.497 and 72A.498, and that upon request the person may receive the specific items of personal information that support those reasons and the specific sources of the information; or

(2) the specific reason or reasons for the adverse underwriting decision, the specific items of personal and privileged information that support those reasons, the names and addresses of the sources that supplied the specific items of information specified, and a summary of the rights established under sections 72A.497 and 72A.498; or

(3) if the adverse underwriting decision is either solely or partially based upon a report of credit worthiness, credit standing, or credit capacity that an insurer receives from a consumer reporting agency, the primary reason or reasons for the credit score or codes or other credit based information used by the insurer in the insurer's underwriting.

Sec. 15. Minnesota Statutes 1999 Supplement, section 79A.22, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL STANDARDS.] Commercial self-insurance groups shall have and maintain:

(1) combined net worth of all of the members in an amount at least equal to ~~12~~ ten times the group's selected retention level of the workers' compensation reinsurance association. For purposes of this clause, the amount of any retained surplus by the group is considered part of the combined net worth of all the members;

(2) sufficient assets and liquidity in the group's common claims fund to promptly and completely meet all obligations of its members under this chapter and chapter 176.

Sec. 16. Minnesota Statutes 1998, section 79A.22, subdivision 3, is amended to read:

Subd. 3. [NEW MEMBERSHIP.] The commercial self-insurance group shall file with the commissioner the name of any new employer that has been accepted in the group prior to the initiation date of membership along with the member's signed indemnity agreement and evidence the member has deposited sufficient premiums with the group as required by the commercial

self-insurance group's bylaws or plan of operation. The security deposit of the group ~~will~~ shall be increased quarterly to an amount equal to 50 percent of the new ~~member's premium~~ members' premiums for that quarter. If the total increase of new members' premiums for the first quarter is less than five percent of the total annual premium of the group, no quarterly increase is necessary until the cumulative quarterly increases for that calendar year exceed five percent of the total premium of the group. The ~~department of commerce~~ commissioner may, at its the commissioner's option, review the financial statement of any applicant whose premium equals 25 percent or more of the group's total premium.

Sec. 17. Minnesota Statutes 1998, section 79A.22, subdivision 11, is amended to read:

Subd. 11. [DISBURSEMENT OF FUND SURPLUS.] (a) One hundred percent of any surplus money for a fund year in excess of 125 percent of the amount necessary to fulfill all obligations under the Workers' Compensation Act, chapter 176, for that fund year may be declared refundable to a member at any time. The date shall be no earlier than 18 months following the end of such fund year. The first disbursement of fund surplus may not be made prior to the ~~completion of an operational audit by the commissioner~~ written approval of the commissioner. There can be no more than one refund made in any 12-month period. When all the claims of any one fund year have been fully paid, as certified by an actuary, all surplus money from that fund year may be declared refundable.

(b) The commercial self-insurance group shall give notice to the commissioner of any refund. Said notice shall be accompanied by a statement from the commercial self-insurer group's certified public accountant certifying that the proposed refund is in compliance with paragraph (a).

Sec. 18. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED REPORTS TO COMMISSIONER.] Each commercial self-insurance group shall submit the following documents to the commissioner.

(a) An annual report shall be submitted by April 1 showing the incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation on a calendar year basis, in a manner and on forms available from the commissioner. In addition each group will submit a quarterly interim loss report showing incurred losses for all its membership.

(b) Each commercial self-insurance group shall submit within 45 days of the end of each quarter:

(1) a schedule showing all the members who participate in the group, their date of inception, and date of withdrawal, if applicable;

(2) a separate section identifying which members were added or withdrawn during that quarter; and

(3) an internal financial statement and copies of the fiscal agent's statements supporting the balances in the common claims fund.

(c) The commercial self-insurance group shall submit an annual certified financial audit report of the commercial self-insurance group fund by April 1 of the following year. The report must be accompanied by an expense schedule showing the commercial self-insurance group's operational costs for the same year including service company charges, accounting and actuarial fees, fund administration charges, reinsurance premiums, commissions, and any other costs associated with the administration of the group program.

(d) An officer of the commercial self-insurance group shall, under oath, attest to the accuracy of each report submitted under paragraphs (a), (b), and (c). Upon sufficient cause, the commissioner shall require the commercial self-insurance group to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and

supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors:

- (1) where the losses reported appear significantly different from similar types of groups;
- (2) where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or
- (3) where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of the commercial self-insurance group.

If any discrepancy is found, the commissioner shall require changes in the commercial self-insurance group's business plan or service company recordkeeping practices.

(e) Each commercial self-insurance group shall submit by September 15 a copy of the group's annual federal and state income tax returns or provide proof that it has received an exemption from these filings.

(f) With the annual loss report each commercial self-insurance group shall report to the commissioner any worker's compensation claim where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(g) Each commercial self-insurance group shall submit by May 1 a list of all members and the percentage of premium each represents to the total group's premium for the previous calendar year.

(h) Each commercial self-insurance group shall submit by October 15 the following documents prepared by the group's certified public accountant:

(1) a compiled combined financial statement of group members and a list of members included in this statement. An "Agreed Upon Procedures" report, as determined by the commissioner, indicating combined net worth, total assets, ~~cash flow~~, and net income of the group members may be filed in lieu of the compiled combined financial statement; and

(2) a report that the statements which were combined have met the requirements of subdivision 2.

(i) If any group member comprises over 25 percent of total group premium, that member's financial statement must be reviewed or audited, and, at the commissioner's option, must be filed with the ~~department of commerce~~ commissioner by October 15 of the following year.

(j) Each commercial self-insurance group shall submit a copy of each member's accountant's report letter from the reports used in compiling the combined financial statements. This requirement does not apply to any group that has been in existence for at least three years.

Sec. 19. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 2, is amended to read:

Subd. 2. [REQUIRED REPORTS FROM MEMBERS TO GROUP.] (a) Each member of the commercial self-insurance group shall, by September 15, submit to the group its most recent annual financial statement, together with other financial information the group may require. These financial statements submitted must not have a fiscal year end date older than January 15 of the group's calendar year end. Individual group members constituting at least 25 percent of the group's annual premium shall submit to the group reviewed or audited financial statements. The remaining members must submit compilation level statements.

(b) For groups that have been in existence for at least three years, individual group members may satisfy the requirements of paragraph (a) by submitting compiled, reviewed, or audited statements or the most recent federal income tax return filed by the member.

Sec. 20. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 3, is amended to read:

Subd. 3. [OPERATIONAL AUDIT.] (a) The commissioner, prior to authorizing surplus distribution of a commercial self-insurance group's first fund year or no later than after the third anniversary of the group's authority to self-insure, shall ~~may~~ conduct an operational audit of the commercial self-insurance group's claim handling and reserve practices as well as its underwriting procedures to determine if they adhere to the group's business plan. The commissioner may select outside consultants to assist in conducting the audit. After completion of the audit, the commissioner shall either renew or revoke the commercial self-insurance group's authority to self-insure. The commissioner may also order any changes deemed necessary in the claims handling, reserving practices, or underwriting procedures of the group.

(b) The cost of the operational audit shall be borne by the commercial self-insurance group.

Sec. 21. Minnesota Statutes 1999 Supplement, section 79A.24, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 125 percent of the commercial self-insurance group's estimated future liability for the payment of compensation as determined by an actuary. ~~If all the members of the commercial self-insurance group have submitted reviewed or audited financial statements to the group's accountant has been in existence for three years, this minimum deposit shall be 110 percent of the commercial self-insurance group's estimated future liability for the payment of workers' compensation as determined by an actuary. The group must file a letter with the commissioner from the group's accountant which confirms that the compiled combined financial statements were prepared from members reviewed or audited financial statements only before the lower security deposit is allowed.~~ Each actuarial study shall include a projection of future losses during a one-year period until the next scheduled actuarial study, less payments anticipated to be made during that time. Deduction should be made for the total amount which is estimated to be returned to the commercial self-insurance group from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the required reports are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the group's selected retention limit of the workers' compensation reinsurance association. The posting or depositing of security under this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond."

Page 9, line 36, delete "and" and after "12" insert ", and 16 to 22"

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to insurance; providing technical changes; regulating motor vehicle service contracts; regulating underwriting practices; regulating workers' compensation self-insurance; amending Minnesota Statutes 1998, sections 60A.129, subdivision 5; 60K.14, subdivision 1; 61A.092, subdivision 6; 62A.136; 62C.11, subdivision 1; 62C.142, subdivision 2a; 62E.04, subdivision 4; 62S.02, subdivision 1; 64B.30, subdivision 1; 65B.29, subdivisions 2 and 3; 72A.20, subdivision 17; 72A.499, subdivision 1; and 72A.22, subdivisions 3 and 11; Minnesota Statutes 1999 Supplement, sections 72A.20, subdivision 23; 79A.22, subdivision 2; 79A.23, subdivisions 1, 2, and 3; 79A.24, subdivision 2; repealing Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; 62H.10, subdivision 4; and 65B.13."

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

Senator Cohen from the Committee on State Government Finance, to which was referred

S.F. No. 3793: A bill for an act relating to transportation; authorizing spending to acquire and

to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing state bonds; creating multimodal transportation fund; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; increasing filing fee for vehicle transactions; requiring department of public safety to provide photo identification equipment for driver's license agents; prohibiting certain expenditures from trunk highway fund; authorizing metropolitan council to sell or lease naming rights for light rail transit stations; repealing sunset for provisions authorizing certain vehicle lights; proposing an amendment to the Minnesota Constitution, article XIV, by adding a section; appropriating money and modifying previous appropriations; amending Minnesota Statutes 1998, sections 161.20, subdivision 3; 161.32, by adding a subdivision; 168.33, subdivision 7; 473.39, by adding a subdivision; and 473.405, subdivision 4; Minnesota Statutes 1999 Supplement, section 171.061, subdivision 4; Laws 1999, chapters 216, article 1, sections 1 and 7, subdivisions 1 and 3; 223, article 1, sections 1 and 2, subdivisions 1 and 4; 238, article 1, sections 1, 2, subdivisions 3 and 12, 5, 7, and 93; 241, article 10, section 5, subdivision 2; 245, article 1, sections 1 and 6; and 250, article 1, sections 1 and 2, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 160.

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

Page 6, line 57, delete everything after "2005"

Page 6, delete line 58

Page 6, line 59, delete everything before the period

Page 9, after line 32, insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 144E.29, is amended to read:

144E.29 [FEES.]

(a) The board shall charge the following fees:

(1) initial application for and renewal of an ambulance service license, \$150;

(2) each ambulance operated by a licensee, \$96. The licensee shall pay an additional \$96 fee for the full licensing period or \$8 per month for any fraction of the period for each ambulance added to the ambulance service during the licensing period;

(3) initial application for and renewal of approval for a training program, \$100; and

(4) duplicate of an original license, certification, or approval, \$25.

(b) With the exception of paragraph (a), clause (5), all fees are for a two-year period. All fees are nonrefundable.

(c) Fees collected by the board shall be deposited as nondedicated receipts in the ~~trunk highway~~ general fund.

Sec. 2. Minnesota Statutes 1999 Supplement, section 144E.31, subdivision 3, is amended to read:

Subd. 3. [FINE.] (a) The board may order a fine concurrently with the issuance of a correction order, or after the licensee or training program has not corrected the violation within the time specified in the correction order.

(b) A licensee or training program that is ordered to pay a fine shall be notified of the order by certified mail. The notice shall be mailed to the address shown on the application or the last known address of the licensee or training program. The notice shall state the reasons the fine was ordered and shall inform the licensee or training program of the right to a contested case hearing under chapter 14.

(c) A licensee or training program may appeal the order to pay a fine by notifying the board by certified mail within 15 calendar days after receiving the order. A timely appeal shall stay payment of the fine until the board issues a final order.

(d) A licensee or training program shall pay the fine assessed on or before the payment date specified in the board's order. If a licensee or training program fails to fully comply with the order, the board shall suspend the license or cancel approval until there is full compliance with the order.

(e) Fines shall be assessed as follows:

(1) \$150 for violation of section 144E.123;

(2) \$400 for violation of sections 144E.06, 144E.07, 144E.101, 144E.103, 144E.121, 144E.125, 144E.265, 144E.285, and 144E.305;

(3) \$750 for violation of rules adopted under section 144E.16, subdivision 4, clause (8); and

(4) \$50 for violation of all other sections under this chapter or rules adopted under this chapter that are not specifically enumerated in clauses (1) to (3).

(f) Fines collected by the board shall be deposited as nondedicated receipts in the ~~trunk highway~~ general fund."

Page 25, line 26, delete "trunk highway" and insert "general"

Page 25, line 29, delete everything after the period and insert "Appropriations for this purpose for fiscal years beginning after June 30, 2001, will be from the multimodal transportation fund."

Page 25, delete line 30

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 23, delete "section" and insert "sections 144E.29; 144E.31, subdivision 3; and"

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

Senator Cohen from the Committee on State Government Finance, to which was referred

S.F. No. 3784: A bill for an act relating to appropriations; making supplemental appropriations and reductions; imposing certain conditions; amending Minnesota Statutes 1998, sections 16A.11, subdivision 3; 16A.126, subdivision 2; 16B.052; 16B.121; 16B.48, subdivision 4; 16B.485; 16E.01, as amended; 16E.04, as amended; 16E.05; 16E.06; 16E.07, subdivisions 2, 5, 6, 7, 8, 9, 10, and 11; and 422A.101, subdivision 3; Minnesota Statutes 1999 Supplement, sections 16A.129, subdivision 3; 16E.02, subdivision 1; and 16E.08; Laws 1999, chapter 250, article 1, sections 11; 12, subdivision 8; 14, subdivision 3; and 18; repealing Laws 1999, chapter 250, article 1, section 15, subdivision 4.

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

Page 3, delete lines 45 and 46 and insert:

"This is a reduction in payments"

Page 3, line 50, after the period, insert "The reduction for fiscal year 2002 is estimated to be \$1,892,000 and the reduction for fiscal year 2003 is estimated to be \$1,892,000."

Page 3, after line 50, insert:

"Sec. 8. Minnesota Statutes 1999 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. [PUBLIC OFFICIAL.] "Public official" means any:

- (1) member of the legislature;
- (2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the office of senate counsel and research or house research;
- (3) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (4) solicitor general or deputy, assistant, or special assistant attorney general;
- (5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06;
- (6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules, or the power to adjudicate contested cases or appeals, other than an elected tribal chair or elected Indian member serving as a member of the Indian affairs council;
- (7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules or adjudicate contested cases;
- (8) executive director of the state board of investment;
- (9) deputy of any official listed in clauses (7) and (8);
- (10) judge of the workers' compensation court of appeals;
- (11) administrative law judge or compensation judge in the state office of administrative hearings or referee in the department of economic security;
- (12) member, regional administrator, division director, general counsel, or operations manager of the metropolitan council;
- (13) member or chief administrator of a metropolitan agency;
- (14) director of the division of alcohol and gambling enforcement in the department of public safety;
- (15) member or executive director of the higher education facilities authority;
- (16) member of the board of directors or president of the Minnesota world trade center corporation or Minnesota Technology, Inc.; or
- (17) member of the board of directors or executive director of the Minnesota state high school league."

Page 5, after line 21, insert:

"Sec. 12. Minnesota Statutes 1998, section 16A.642, subdivision 1, is amended to read:

Subdivision 1. [REPORTS.] (a) The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committees on ways and means and on capital investment by February 1 of each odd-numbered year on the following:

- (1) all laws authorizing the issuance of state bonds for state or local government building projects enacted more than five years before February 1 of that odd-numbered year; the projects authorized to be acquired and constructed with the bond proceeds for which less than 100 percent of the authorized total cost has been expended, encumbered, or otherwise obligated; the cost of contracts to be let in accordance with existing plans and specifications shall be considered expended for this report; and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these projects; and

(2) all laws authorizing the issuance of state bonds for state or local government programs or projects other than those described in clause (1), enacted more than five years before February 1 of that odd-numbered year; and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these programs and projects.

(b) The commissioner shall also report on bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the bonds were authorized or issued have been canceled, completed, or otherwise concluded. ~~The bond authorizations or bond proceed balances that are unencumbered or otherwise not obligated that are reported by the commissioner under this subdivision are canceled, effective July 1 of the year of the report, unless specifically reauthorized by act of the legislature.~~

Sec. 13. Minnesota Statutes 1998, section 16A.67, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of finance, ~~upon request of the governor,~~ is authorized to sell and issue state bonds to fund the judgment rendered against the state by the Minnesota supreme court in Cambridge State Bank et al. v. James, 514 N.W. 2d 565, on April 1, 1994, and related claims, and interest accrued on the judgment and related claims, to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed \$400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

Sec. 14. Minnesota Statutes 1998, section 16A.671, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; ADVISORY RECOMMENDATION.] To ensure that cash is available when needed to pay warrants drawn on the general fund under appropriations and allotments, ~~the governor may authorize the commissioner may~~ (1) to issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) to issue additional certificates to refund outstanding certificates and interest on them, under the constitution, article XI, section 6.

Sec. 15. Minnesota Statutes 1998, section 16A.671, subdivision 2, is amended to read:

Subd. 2. [ADVISORY RECOMMENDATION.] Before certificates are initially sold by any of the methods authorized in subdivision 6, the ~~governor commissioner~~ shall seek the advisory recommendation of the legislative advisory commission, or if there is no commission, the executive council, on (1) the necessity of issuing them, (2) the terms and conditions of the sale, and (3) the maximum amount to be issued and outstanding under the authorization. If the commission or council does not make a recommendation promptly, the recommendation is negative. An additional recommendation is not required for refunding outstanding certificates or for each issuance of certificates in accordance with an approved line of credit, underwriting, or placement agreement."

Page 18, after line 14, insert:

"Sec. 35. Laws 1984, chapter 597, section 22, is amended to read:

Sec. 22. [TRANSPORTATION BONDS.]

To provide the money appropriated in this act from the state transportation fund the commissioner of finance ~~upon request of the governor~~ shall sell and issue bonds of the state in an amount up to \$16,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 174.50, 174.51, and by the Constitution, article XI, sections 4 to 7.

Sec. 36. Laws 1987, chapter 400, section 25, subdivision 1, is amended to read:

Subdivision 1. [BUILDING FUND.] To provide the money appropriated in this act from the state building fund the commissioner of finance ~~on request of the governor~~ shall sell and issue

bonds of the state in an amount up to \$370,972,200 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 37. Laws 1987, chapter 400, section 25, subdivision 5, is amended to read:

Subd. 5. [WATER POLLUTION CONTROL FUND.] To provide the money appropriated in this act from the water pollution control fund the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$66,747,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the water pollution control fund.

Sec. 38. Laws 1989, chapter 300, article 1, section 23, subdivision 1, is amended to read:

Subdivision 1. [BUILDING FUND.] To provide the money appropriated in this act from the state building fund the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$142,585,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 39. Laws 1990, chapter 610, article 1, section 30, is amended to read:

Sec. 30. [BOND SALE.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the state bond proceeds fund the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$109,525,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [INFRASTRUCTURE DEVELOPMENT FUND.] To provide the money appropriated in this act from the infrastructure development fund, the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$243,665,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 3. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$11,200,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 40. Laws 1991, chapter 354, article 11, section 2, subdivision 1, is amended to read:

Subdivision 1. (a) To provide the money appropriated from the bond proceeds fund in 1991 S.F. No. 1533, the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$16,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI.

(b) To provide the money appropriated from the bond proceeds fund in this act, the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$12,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI.

Sec. 41. Laws 1992, chapter 558, section 28, is amended to read:

Sec. 28. [BOND SALE.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$231,695,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$12,130,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Subd. 3. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$17,500,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 42. Laws 1994, chapter 639, article 3, section 5, is amended to read:

Sec. 5. [BOND SALE.]

(a) To provide the money appropriated in this act from the state bond proceeds fund, the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$90,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, the Minnesota Constitution, article XI, sections 4 to 7, and paragraph (b).

(b) Bonds may not be issued under this section in total amounts exceeding the following:

- (1) by June 30, 1996, \$10,000,000;
- (2) by June 30, 1998, \$35,000,000;
- (3) by June 30, 2000, \$55,000,000; and
- (4) by June 30, 2002, \$75,000,000.

Sec. 43. Laws 1994, chapter 643, section 31, is amended to read:

Sec. 31. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor~~, shall sell and issue bonds of the state in an amount up to \$573,385,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor~~, shall sell and issue general obligation bonds of the state in an amount up to \$45,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$2,970,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 44. Laws 1995, First Special Session chapter 2, article 1, section 14, is amended to read:

Sec. 14. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$5,630,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue general obligation bonds of the state in an amount up to \$4,500,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated by this article from the maximum effort school loan fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$23,670,000 in the manner, on the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 45. Laws 1996, chapter 463, section 27, is amended to read:

Sec. 27. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$597,110,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue general obligation bonds of the state in an amount up to \$10,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 46. Laws 1997, chapter 246, section 10, is amended to read:

Sec. 10. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$86,625,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue general obligation bonds of the state in an amount up to \$3,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 47. Laws 1998, chapter 404, section 27, is amended to read:

Sec. 27. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$463,795,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$34,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 48. Laws 1999, chapter 240, article 1, section 13, is amended to read:

Sec. 13. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$139,510,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$10,440,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 49. Laws 1999, chapter 240, article 2, section 16, is amended to read:

Sec. 16. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$372,400,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$28,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund."

Page 26, after line 34, insert:

"Sec. 57. [BASE ADJUSTMENTS PROHIBITED.]

If a capital project authorized by the 2000 legislature causes a change in operating costs for a state agency, the commissioner of finance shall not treat that change as a base adjustment in the agency's budget for fiscal years 2002 and 2003.

Sec. 58. [ALLOCATION OF COSTS OF CERTAIN BOUNDARY ADJUSTMENT MATTERS.]

Except as otherwise provided in an agreement among the parties to a boundary dispute, up to \$35,000 of the costs of any boundary adjustment matter commenced involving a city, town, and independent school district before June 1, 1999, that is concluded after that date under an alternative dispute resolution process as directed by the director of the office of strategic and long-range planning, must be allocated as provided in law and rule before the abolition of the Minnesota municipal board. The maximum total amount the parties may be charged by the office of strategic and long-range planning, the office of administrative hearings, or as part of an arbitration is no more than the Minnesota municipal board could have charged if the matter had been heard and decided by the board. Costs that exceed what the municipal board could have charged must be paid by the office of strategic and long-range planning."

Re-number the sections in sequence

Delete the title and insert:

"A bill for an act relating to appropriations; making supplemental appropriations and reductions; imposing certain conditions; amending Minnesota Statutes 1998, sections 16A.11, subdivision 3; 16A.126, subdivision 2; 16A.642, subdivision 1; 16A.67, subdivision 1; 16A.671, subdivisions 1 and 2; 16B.052; 16B.121; 16B.48, subdivision 4; 16B.485; 16E.01, as amended; 16E.04, as amended; 16E.05; 16E.06; 16E.07, subdivisions 2, 5, 6, 7, 8, 9, 10, and 11; and 422A.101, subdivision 3; Minnesota Statutes 1999 Supplement, sections 10A.01, subdivision 35; 16A.129, subdivision 3; 16E.02, subdivision 1; and 16E.08; Laws 1984, chapter 597, section 22; Laws 1987, chapter 400, section 25, subdivisions 1 and 5; Laws 1989, chapter 300, article 1, section 23, subdivision 1; Laws 1990, chapter 610, article 1, section 30; Laws 1991, chapter 354, article 11, section 2, subdivision 1; Laws 1992, chapter 558, section 28; Laws 1994, chapters 639, article 3, section 5; and 643, section 3; Laws 1995, First Special Session chapter 2, article 1, section 14; Laws 1996, chapter 463, section 27; Laws 1997, chapter 246, section 10; Laws 1998, chapter 404, section 27; Laws 1999, chapters 240, articles 1, section 13, and 2, section 16; and 250, article 1, sections 11; 12, subdivision 8; 14, subdivision 3; and 18; repealing Laws 1999, chapter 250, article 1, section 15, subdivision 4."

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

Senator Cohen from the Committee on State Government Finance, to which was referred

S.F. No. 3794: A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resources, and agricultural purposes; providing for regulation of certain activities and practices; amending Minnesota Statutes 1998, sections 18E.04, subdivision 4; 85.34, subdivision 1, and by adding subdivisions; 97A.071, subdivision 2; 97A.411, subdivision 1; 97A.421; 97A.475, subdivisions 2, 3, 4, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; 115B.17, subdivision 19; 297A.44, subdivision 1; Minnesota Statutes 1999 Supplement, sections 97A.075, subdivision 1; 97B.020; Laws 1998, chapter 404, section 7, subdivision 23, as amended; Laws 1999, chapter 231, section 6, as amended; Laws 1999, chapter 231, section 11, subdivision 3; Laws 1999, chapter 231, section 14; proposing coding for new law in Minnesota Statutes, chapters 97A.

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

Page 2, line 28, delete everything before the period and insert "fish and wildlife management"

Page 2, delete lines 30 to 35

Page 2, line 45, delete "\$5,156,000" and insert "\$3,591,000"

Page 3, line 39, after "park" insert "and recreation area"

Page 4, line 28, delete "720,000" and insert "1,020,000"

Page 4, after line 57, insert:

"\$300,000 is appropriated from the general fund to the commissioner of agriculture for grants to organizations participating in the farm wrap network and the rural help network. The grants may be used for outreach services, legal and accounting services, and informal mediation support for farmers. This is a one-time appropriation and is available until June 30, 2001."

Page 11, after line 34, insert:

"Sec. 14. Minnesota Statutes 1998, section 97A.055, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The game and fish fund is established as a fund in the state treasury. Money appropriated from this fund must be spent in accordance with the Federal Aid in Wildlife Restoration Act, as provided by United States Code, title 16, sections 669 to 669i, and the Federal Aid in Sport Fish Restoration Act, as provided by United States Code, title 16, sections 777 to 777k.

Sec. 15. Minnesota Statutes 1998, section 97A.055, subdivision 2, is amended to read:

Subd. 2. [RECEIPTS.] The state treasurer shall credit to the game and fish fund all money received under the game and fish laws including receipts from:

- (1) licenses issued;
- (2) fines and forfeited bail;
- (3) sales of contraband, wild animals, and other property under the control of the division;
- (4) fees from advanced education courses for hunters and trappers;
- (5) reimbursements of expenditures by the division; and
- (6) contributions to the division; and
- (7) revenue credited to the game and fish fund under section 297A.44, subdivision 1, paragraph (e), clause (1)."

Page 25, after line 22, insert:

"Sec. 36. Minnesota Statutes 1998, section 383B.235, is amended by adding a subdivision to read:

Subd. 3. [EXISTING FACILITY MAY USE CAPACITY.] Notwithstanding subdivisions 1 and 2, an existing resource recovery facility may reclaim, burn, use, process, or dispose of mixed municipal solid waste to the full extent of its maximum yearly capacity as of January 1, 2000. The facility must continue to comply with all federal and state environmental laws and regulations and must obtain a conditional use permit from the municipality where the facility is located."

Page 27, line 16, delete "95" and insert "87"

Page 36, line 13, after "grant" insert ", and"

Page 36, line 22, delete "18" and insert "20"

Page 36, line 25, delete "19" and insert "21"

Page 36, line 26, delete "37" and insert "40"

Page 36, line 30, delete "13, 33, 35, and 42" and insert "15, 35, 36, 38, and 45"

Page 36, line 32, delete "21 to 31" and insert "23 to 33"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the first semicolon, insert "97A.055, subdivisions 1 and 2;"

Page 1, line 11, after the second semicolon, insert "383B.235, by adding a subdivision;"

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

Senator Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 2796: A bill for an act relating to retirement; providing a health care reimbursement plan for certain state retirement plan participants; proposing coding for new law as Minnesota Statutes, chapter 352G.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
ACTUARIAL ASSET VALUE CHANGE,
ACTUARIAL ASSUMPTION CHANGES,
ACTUARIAL METHOD CHANGES, AND
ACTUARIAL REPORTING COST ALLOCATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), its appropriate portion of the compensation paid to the actuary retained by the commission for the actuarial valuation calculations, quadrennial projection valuations, and quadrennial experience studies. The total assessment is 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including the any public employees police and fire plan consolidation accounts of the public employees retirement association established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, annual experience data collection and processing, and quadrennial experience studies and quadrennial projection valuations.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	\$2.55 per member
2,001 through 10,000 members	\$1.13 per member
over 10,000 members	\$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14) based on each plan's proportion, as determined by the commission's retained actuary, to complete the actuarial valuation calculations, annual experience data collection and processing, and quadrennial experience studies for all plans.

(b) The assessment must be made following the completion of the actuarial valuation calculations and the applicable experience analysis. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1998, section 16A.055, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT FUND REPORTING.] (a) The commissioner may not require a public retirement fund to use financial or actuarial reporting practices or procedures different from those required by section 356.20 or 356.215.

(b) The commissioner may contract with the consulting actuary retained by the legislative commission on pensions and retirement for the preparation of quadrennial projection valuations as required under section 356.215, subdivisions 2 and 2a. The initial projection valuation under this paragraph is due on May 1, 2003, and May 1 each fourth year thereafter. The commissioner of finance shall assess the various statewide and major local retirement plans the cost of the quadrennial projection valuation.

Sec. 3. Minnesota Statutes 1998, section 356.215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the following terms in the following paragraphs have the meaning given:

(4) (b) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(2) (c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

(3) (d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual if the benefit plan is governed by section 69.773 or over the earnings of the individual if the benefit plan is governed by any other law between the entry age and the assumed exit age, with the portion of this actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(4) (e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(5) (f) "Current assets" means:

(1) for the July 1, 1999, actuarial valuation, the value of all assets at cost, including realized capital gains or losses, plus one-third of any unrealized capital gains or losses;

(2) for the July 1, 2000, actuarial valuations, the market value of all assets as of June 30, 2000, reduced by:

(i) 60 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation, and

(ii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(3) for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:

(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and

(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;

(4) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or

(5) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

~~(6)~~ (g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of current assets and the present value of future normal costs.

~~(7)~~ (h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 4. Minnesota Statutes 1998, section 356.215, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal;

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7); and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which ~~it~~ the commissioner determines that the analysis may be beneficial.

(b) The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

(b) Subd. 2a. [PROJECTION VALUATION REQUIREMENTS.] A quadrennial projection valuation required under paragraph (a) subdivision 2 is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified. In consultation with the executive director of the legislative commission on pensions and retirement, the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Sec. 5. Minnesota Statutes 1998, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	5.0 <u>6.0</u>
correctional state employees retirement plan	8.5	5.0 <u>6.0</u>
state patrol retirement plan	8.5	5.0 <u>6.0</u>
legislators retirement plan	8.5	5.0 <u>6.0</u>
elective state officers retirement plan	8.5	5.0 <u>6.0</u>
judges retirement plan	8.5	5.0 <u>6.0</u>
general public employees retirement plan	8.5	5.0 <u>6.0</u>
public employees police and fire retirement plan	8.5	5.0 <u>6.0</u>
local government correctional service retirement plan	8.5	5.0 <u>6.0</u>
teachers retirement plan	8.5	5.0 <u>6.0</u>
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	7.5

Minneapolis police relief association	6.0	6.0
other local police relief associations	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighter relief associations	5.0	5.0
local monthly benefit volunteer firefighter relief associations	5.0	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis employees retirement plan	4.0
Minneapolis police relief association	4.0
other local police relief associations	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighter relief associations	3.5

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
<u>Minneapolis employees retirement plan</u>	<u>prior calendar year increased 1.0198 percent to prior fiscal year date and 4.0 percent annually for each future year</u>

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	<u>select calculation and assumption A</u>
correctional state employees retirement plan	assumption A <u>H</u>
state patrol retirement plan	assumption A <u>H</u>
general public employees retirement plan	<u>select calculation and assumption B</u>
public employees police and fire retirement plan	assumption C
local government correctional service retirement plan	assumption C <u>H</u>
teachers retirement plan	assumption D

Duluth teachers retirement plan
 Minneapolis teachers retirement plan
 St. Paul teachers retirement plan

assumption E
 assumption F
 assumption G

select calculation:

During the ten year select period, 0.2 percent is multiplied by the result of 10 minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption.

future salary increase assumption:

age	A	B	C	D	E	F	G	H
16	7.2500% 6.95	8.71% 6.95	11.50% 11.50	7.25% 8.20	8.00% 8.00	7.50% 7.50	7.25% 7.25	<u>7.7500</u>
17	7.2500 6.90	8.71 6.90	11.50 11.50	7.25 8.15	8.00 8.00	7.50 7.50	7.25 7.25	<u>7.7500</u>
18	7.2500 6.85	8.70 6.85	11.50 11.50	7.25 8.10	8.00 8.00	7.50 7.50	7.25 7.25	<u>7.7500</u>
19	7.2500 6.80	8.70 6.80	11.50 11.50	7.25 8.05	8.00 8.00	7.50 7.50	7.25 7.25	<u>7.7500</u>
20	7.2500 6.75	7.70 6.75	11.50 11.50	7.25 8.00	8.00 8.00	7.50 7.50	7.25 7.25	<u>7.7500</u>
21	7.1454 6.70	7.70 6.70	11.50 11.50	7.25 7.95	8.00 8.00	7.50 7.50	7.25 7.25	<u>7.1454</u>
22	7.1094 6.65	7.70 6.65	11.00 11.00	7.25 7.90	8.00 8.00	7.50 7.50	7.25 7.25	<u>7.0725</u>
24	7.0363 6.66	7.70 6.55	10.00 10.00	7.15 7.80	7.80 7.80	7.30 7.30	7.20 7.20	<u>7.0363</u>
25	7.0000 6.50	7.60 6.50	9.50 9.50	7.10 7.75	7.70 7.70	7.20 7.20	7.15 7.15	<u>7.0000</u>
26	7.0000 6.45	7.51 6.45	9.20 9.20	7.05 7.70	7.60 7.60	7.10 7.10	7.10 7.10	<u>7.0000</u>
27	7.0000 6.40	7.39 6.40	8.90 8.90	7.00 7.65	7.50 7.50	7.00 7.00	7.05 7.05	<u>7.0000</u>
28	7.0000 6.35	7.30 6.35	8.60 8.60	7.00 7.60	7.40 7.40	6.90 6.90	7.00 7.00	<u>7.0000</u>
29	7.0000 6.30	7.20 6.30	8.30 8.30	7.00 7.55	7.30 7.30	6.80 6.80	6.95 6.95	<u>7.0000</u>
30	7.0000 6.25	7.20 6.30	8.00 8.00	7.00 7.50	7.20 7.20	6.70 6.70	6.90 6.90	<u>7.0000</u>
31	7.0000 6.20	7.10 6.25	7.80 7.80	7.00 7.45	7.10 7.10	6.60 6.60	6.85 6.85	<u>7.0000</u>
32	7.0000 6.15	7.10 6.21	7.60 7.60	7.00 7.40	7.00 7.00	6.50 6.50	6.80 6.80	<u>7.0000</u>
33	7.0000 6.10	7.00 6.17	7.40 7.40	7.00 7.30	6.90 6.90	6.40 6.40	6.75 6.75	<u>7.0000</u>
34	7.0000 6.05	7.00 6.09	7.20 7.20	7.00 7.10	6.80 6.80	6.30 6.30	6.70 6.70	<u>7.0000</u>
35	7.0000 6.00	6.90 6.05	7.00 7.00	7.00 7.00	6.70 6.70	6.20 6.20	6.65 6.65	<u>7.0000</u>
36	6.9019 6.95	6.80 6.01	6.80 6.80	7.00 6.85	6.60 6.60	6.10 6.10	6.60 6.60	<u>6.9019</u>
37	6.8074 6.95	6.70 6.01	6.60 6.60	7.00 6.85	6.50 6.50	6.00 6.00	6.55 6.55	<u>6.9019</u>

89TH DAY]

THURSDAY, MARCH 16, 2000

5111

<u>5.90</u>	<u>5.97</u>		<u>6.70</u>				<u>6.8074</u>
38 <u>6.7125</u>	<u>6.60</u>	6.40	<u>6.90</u>	6.40	5.90	6.50	
<u>5.85</u>	<u>5.93</u>		<u>6.55</u>				<u>6.7125</u>
39 <u>6.6054</u>	<u>6.50</u>	6.20	<u>6.80</u>	6.30	5.80	6.40	
<u>5.80</u>	<u>5.89</u>		<u>6.40</u>				<u>6.6054</u>
40 <u>6.5000</u>	<u>6.40</u>	6.00	<u>6.70</u>	6.20	5.70	6.30	
<u>5.75</u>	<u>5.85</u>		<u>6.25</u>				<u>6.5000</u>
41 <u>6.3540</u>	<u>6.30</u>	5.90	<u>6.60</u>	6.10	5.60	6.20	
<u>5.70</u>	<u>5.81</u>		<u>6.10</u>				<u>6.3540</u>
42 <u>6.2087</u>	<u>6.30</u>	5.80	<u>6.50</u>	6.00	5.50	6.10	
<u>5.65</u>	<u>5.77</u>		<u>5.95</u>				<u>6.2087</u>
43 <u>6.0622</u>	<u>6.30</u>	5.70	<u>6.35</u>	5.90	5.45	6.00	
<u>5.60</u>	<u>5.73</u>		<u>5.80</u>				<u>6.0622</u>
44 <u>5.9048</u>	<u>6.20</u>	5.60	<u>6.20</u>	5.80	5.40	5.90	
<u>5.55</u>	<u>5.69</u>		<u>5.65</u>				<u>5.9048</u>
45 <u>5.7500</u>	<u>6.20</u>	5.50	<u>6.05</u>	5.70	5.35	5.80	
<u>5.50</u>	<u>5.65</u>		<u>5.50</u>				<u>5.7500</u>
46 <u>5.6940</u>	<u>6.09</u>	5.45	<u>5.90</u>	5.60	5.30	5.70	
<u>5.45</u>	<u>5.62</u>		<u>5.45</u>				<u>5.6940</u>
47 <u>5.6375</u>	<u>6.00</u>	5.40	<u>5.75</u>	5.50	5.25	5.65	
<u>5.40</u>	<u>5.59</u>		<u>5.40</u>				<u>5.6375</u>
48 <u>5.5822</u>	<u>5.90</u>	5.35	<u>5.70</u>	5.45	5.20	5.60	
<u>5.35</u>	<u>5.56</u>		<u>5.35</u>				<u>5.5822</u>
49 <u>5.5405</u>	<u>5.80</u>	5.30	<u>5.65</u>	5.40	5.15	5.55	
<u>5.30</u>	<u>5.53</u>		<u>5.30</u>				<u>5.5405</u>
50 <u>5.5000</u>	<u>5.70</u>	5.25	<u>5.60</u>	5.35	5.10	5.50	
<u>5.25</u>	<u>5.50</u>		<u>5.25</u>				<u>5.5000</u>
51 <u>5.4384</u>	<u>5.70</u>	5.25	<u>5.55</u>	5.30	5.05	5.45	
<u>5.20</u>	<u>5.45</u>		<u>5.20</u>				<u>5.4384</u>
52 <u>5.3776</u>	<u>5.70</u>	5.25	<u>5.50</u>	5.25	5.00	5.40	
<u>5.15</u>	<u>5.40</u>		<u>5.15</u>				<u>5.3776</u>
53 <u>5.3167</u>	<u>5.70</u>	5.25	<u>5.45</u>	5.25	5.00	5.35	
<u>5.10</u>	<u>5.35</u>		<u>5.10</u>				<u>5.3167</u>
54 <u>5.2826</u>	<u>5.70</u>	5.25	<u>5.40</u>	5.25	5.00	5.30	
<u>5.05</u>	<u>5.30</u>		<u>5.05</u>				<u>5.2826</u>
55 <u>5.2500</u>	<u>5.70</u>	5.25	<u>5.35</u>	5.25	5.00	5.25	
<u>5.00</u>	<u>5.25</u>		<u>5.00</u>				<u>5.2500</u>
56 <u>5.2500</u>	<u>5.70</u>	5.25	<u>5.30</u>	5.25	5.00	5.25	
<u>5.00</u>	<u>5.20</u>		<u>5.00</u>				<u>5.2500</u>
57 <u>5.2500</u>	<u>5.70</u>	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>	<u>5.15</u>		<u>5.00</u>				<u>5.2500</u>
58 <u>5.2500</u>	<u>5.70</u>	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>	<u>5.10</u>		<u>5.00</u>				<u>5.2500</u>
59 <u>5.2500</u>	<u>5.70</u>	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>	<u>5.05</u>		<u>5.00</u>				<u>5.2500</u>
60 <u>5.2500</u>	<u>5.00</u>	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
61 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
62 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
63 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
64 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	

<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
65 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
66 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
67 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
68 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
69 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
70 <u>5.2500</u>	5.00	5.25	<u>5.25</u>	5.25	5.00	5.25	
<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
71 <u>5.00</u>	<u>5.00</u>		<u>5.00</u>				<u>5.2500</u>

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
state patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 6. Minnesota Statutes 1999 Supplement, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, 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. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, 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 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 for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, 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 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 4d 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 4d 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 4d 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 Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the following 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 in the following manner:

~~(1) the public employees retirement association police and fire plan, the valuation assets in excess of the actuarial accrued liability serve to reduce 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; and~~

~~(2) the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but must serve to reduce the required contribution instead of increasing it.~~

Sec. 7. [EFFECTIVE DATE.]

(a) Section 1 is effective for costs incurred on or after July 1, 2000.

(b) Sections 2 to 6 are effective on June 30, 2000, for actuarial valuations on or after that date.

ARTICLE 2
REEMPLOYED ANNUITANT EARNINGS LIMITATION
REVISIONS

Section 1. Minnesota Statutes 1999 Supplement, section 136F.48, is amended to read:

136F.48 [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in the Minnesota state colleges and universities system;

(3) begins drawing a retirement benefit from the individual retirement account plan or an annuity from the teachers retirement association, from the general state employees retirement plan or the unclassified state employees retirement program of the Minnesota state retirement system, or from a first class city teacher retirement plan; and

~~(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.~~

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the

amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

(f) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 2. Minnesota Statutes 1998, section 352.115, subdivision 10, is amended to read:

Subd. 10. [REEMPLOYMENT OF ANNUITANT.] (a) If any retired employee again becomes entitled to receive salary or wages from the state, or any employer who employs state employees as that term is defined in section 352.01, subdivision 2, other than salary or wages received as a temporary employee of the legislature during a legislative session, the annuity or retirement allowance shall cease when the retired employee has earned an amount equal to the annual maximum earnings allowable for that 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 calendar year. If the retired employee has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the retired employee shall be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.58.

(c) The annuity must be resumed when state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. ~~No payroll deductions for the retirement fund shall be made from the earnings of a reemployed retired employee.~~ If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change shall be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

Sec. 3. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

Sec. 4. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 4, is amended to read:

Subd. 4. [EXEMPTION LIMIT.] For a person eligible under this section who earns more than ~~\$35,000~~ \$46,000 in a calendar year from reemployment in the Minnesota state colleges and universities system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over ~~\$35,000~~ \$46,000.

Sec. 5. Minnesota Statutes 1998, section 353.37, is amended by adding a subdivision to read:

Subd. 3a. [DISPOSITION OF SUSPENSION OR REDUCTION AMOUNT.] The balance of the annual retirement annuity after suspension or the amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

Sec. 6. Minnesota Statutes 1998, section 354.44, subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING SERVICE AFTER RETIREMENT.] (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that annuity payments must be reduced during the calendar year immediately following any calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that 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. The amount of the reduction must be one-half of the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of income.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes, but is not limited to:

~~(a)~~ (1) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

~~(b)~~ (2) 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 an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

Sec. 7. Minnesota Statutes 1999 Supplement, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of

combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement due to employment by the Minnesota state colleges and universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over ~~\$35,000~~ \$46,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 8. Minnesota Statutes 1998, 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 annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that 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. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum 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 reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income 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.

Sec. 9. Minnesota Statutes 1998, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. [NO ANNUITY REDUCTION.] (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) begins drawing an annuity from a first class city teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in a first class city teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 10. [356.58] [DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

Subdivision 1. [APPLICATION.] 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 sections 352.115, subdivision 10; 353.37; 354.44, subdivision 5; and 354A.31, subdivision 3.

Subd. 2. [RECORD KEEPING; REPORTING.] The chief administrative officer of each retirement plan will keep records for each reemployed annuitant of the amount of the annuity reduction. This amount will be reported to each member at least once each year.

Subd. 3. [PAYMENT.] Upon the retired member attaining the age of 65 years or one year after termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of an application for the payment by the person, or upon the death of the retired member and the filing of an application for the payment by the deceased person's surviving spouse, or if none by the deceased person's designated beneficiary, or if none, by the deceased person's estate, the chief administrative officer of the applicable retirement plan shall pay in a lump sum of the value of the person's amount under subdivision 2, plus six percent interest compounded annually.

Sec. 11. [SUNSET; REPEALER.]

(a) Minnesota Statutes 1998, section 354A.31, subdivision 3a, is repealed, effective July 1, 2003.

(b) Minnesota Statutes 1999 Supplement, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445, are repealed, effective July 1, 2003.

(c) Agreements for a phased retirement under Minnesota Statutes, sections 136F.48; 352.1155; 354.445; and 354A.31, subdivision 3a, made before the date of enactment may continue for the duration of their specified effective period even if the period extends beyond July 1, 2003.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on July 1, 2000.

ARTICLE 3

ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1998, section 352.15, subdivision 1a, is amended to read:

Subd. 1a. [AUTOMATIC DEPOSITS.] The executive director may ~~pay an~~ remit, through an automatic deposit system, annuity, benefit, or refund ~~payments only to a banking financial institution, qualified under chapter 48, associated with the National Automated Clearinghouse Association or a comparable successor organization that is trustee for a person eligible to receive the annuity, benefit, or refund. Upon the request of a retired, disabled, the retiree, disabilitant, survivor, or former employee, the executive director may mail remit the annuity, benefit, or refund check to a banking institution, savings association, or credit union the applicable financial institution for deposit to in the employee's person's account or joint account. The board of directors may prescribe the conditions under which payments will be made.~~

Sec. 2. Minnesota Statutes 1998, section 352B.01, subdivision 3, is amended to read:

Subd. 3. [ALLOWABLE SERVICES SERVICE.] "Allowable service" means:

(a) for members defined in subdivision 2, clause (a), monthly service is granted for any month for which payments have been made to the state patrol retirement fund, and

(b) for members defined in subdivision 2, clauses (b) and (c), service for which payments have been made to the state patrol retirement fund, service for which payments were made to the state police officers retirement fund after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961.

Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or return to employment.

Sec. 3. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), 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 plan~~ 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 plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified

program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, the state treasurer, and the attorney general;

(2) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, 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) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature 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, ~~provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;~~

(9) the executive director, associate executive director, and not to exceed nine positions of the higher education services office in the unclassified service, as designated by the higher education services office 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;

(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 Minnesota educational computing corporation;

(14) an employee of the world trade center board; and

(15) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3.

Sec. 4. Minnesota Statutes 1998, section 352D.05, subdivision 3, is amended to read:

Subd. 3. [FULL OR PARTIAL WITHDRAWAL.] After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement

fund. The account is valued at the end of the month in which application for withdrawal is made. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

Sec. 5. Minnesota Statutes 1998, section 352D.06, is amended to read:

352D.06 [ANNUITIES.]

Subdivision 1. [ANNUITY; RESERVES.] When a participant attains at least age 55, ~~is retired~~ terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares shall be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the state employees retirement fund in determining pensions and reserves.

Subd. 2. [PARTIAL VALUE ANNUITY.] A participant has the option in an application for an annuity to apply for and receive ~~the a partial value of one-half of the total shares and thereafter receive an annuity, as provided in subdivision 1, based on the remaining value of one-half of the total shares.~~

Subd. 3. [ACCRUAL DATE.] An annuity ~~herein shall begin to accrue under this section~~ accrues the first day of the first full month after an application is received or after termination of state service, whichever is later. Upon the former employee's request, the annuity may begin to accrue up to six months before redemption of shares, but not prior to the termination date from covered service, and will be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts. The account is valued and redeemed the later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity.

Sec. 6. Minnesota Statutes 1998, section 352D.09, subdivision 5a, is amended to read:

Subd. 5a. [SMALL BALANCE ACCOUNTS.] If a former participant who contributed less than ~~\$100~~ \$500 in employee contributions cannot be contacted by the system for five or more years, the value of the shares shall be appropriated to the general employees retirement fund, but upon subsequent contact by the former employee the account shall be reinstated to the amount that would have been payable had the money been left in the unclassified plan.

Sec. 7. Minnesota Statutes 1998, section 353.01, subdivision 2, is amended to read:

Subd. 2. [PUBLIC EMPLOYEE.] "Public employee" means an employee performing personal services for a governmental subdivision under subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. The term also includes special classes of persons listed in subdivision 2a, but excludes special classes of persons listed in subdivision 2b for purposes of membership in the association. Public employee does not include independent contractors and their employees. A reemployed annuitant under section 353.37 is not considered to be a public employee for purposes of that reemployment.

Sec. 8. Minnesota Statutes 1998, section 353.01, subdivision 6, is amended to read:

Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, ~~and~~ the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range

association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to ~~469.068~~ 469.089; or any hospital district organized or reorganized prior to July 1, 1975, under sections ~~447.31~~ to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" means:

(1) periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or firefighters' relief association that has consolidated with the public employees retirement association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

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

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

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

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

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

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivisions 35 and 36.

Sec. 10. Minnesota Statutes 1998, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] (a) "Termination of public service"

occurs when a member resigns or is dismissed from public service by the employing governmental subdivision, ~~as evidenced by appropriate written record transmitted to the association, or when a position ends and the member who held the position is not considered by the governmental subdivision to be on a temporary layoff, and the employee does not, within 30 days of resignation or dismissal the date the employment relationship ended, return to a nontemporary an employment position in the same governmental subdivision.~~

(b) The termination of public service shall be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

Sec. 11. Minnesota Statutes 1998, section 353.01, subdivision 28, is amended to read:

Subd. 28. [RETIREMENT.] (a) "Retirement" means the commencement of payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a ~~or termination of membership under subdivision 11b, the earlier of which will determine the date membership and coverage cease.~~ A right to retirement ~~must not accrue without~~ requires a complete and continuous separation for 30 days from employment as a public employee ~~under subdivision 2~~ and from provision of paid services to that employer.

(b) An individual who separates from employment as a public employee and who, within 30 days of separation, returns to provide service to a governmental subdivision as an independent contractor or as an employee of an independent contractor, has not satisfied separation requirements under paragraph (a).

(c) A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination of the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended ~~or reduced~~ under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.

~~(b)~~ (d) Notwithstanding the 30-day separation requirement under paragraph (a), a member of the defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan.

Sec. 12. Minnesota Statutes 1998, section 353.01, subdivision 32, is amended to read:

Subd. 32. [COORDINATED MEMBER.] "Coordinated member" means any public employee, including any public hospital employee, covered by any agreement or modification made between the state and the Secretary of Health, Education and Welfare, making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to the member if membership eligibility criteria are met under this chapter. Coordinated member also means a former basic member who ~~terminates public service under subdivision 11a, has a complete and continuous separation for at least 30 days from employment as a public employee meeting requirements specified in subdivision 28, paragraphs (a) and (b), and who reenters public service in a nontemporary position, as a public employee and meets the membership eligibility criteria under this chapter.~~

Sec. 13. Minnesota Statutes 1998, section 353.15, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] ~~The association may pay an remit, through an automatic deposit system, annuity, benefit, or refund payments only to a trust company, qualified under chapter 48, financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization that is trustee for a person eligible to receive such the annuity, benefit, or refund. Upon the request of a retired, disabled the retiree, disabilitant, survivor, or former member, the association may mail or send by electronic transfer the annuity, benefit or refund check to a banking institution, savings association or credit union the applicable financial institution for deposit to such in the person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.~~

Sec. 14. Minnesota Statutes 1998, section 353.27, subdivision 4, is amended to read:

Subd. 4. [EMPLOYERS REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.] (a) ~~A representative authorized by the head of each department shall deduct employee contributions from the salary of each member employee who qualifies for membership under this chapter and issue or approve one warrant remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 20 14 calendar days in the office of the association. The head of each department or designee shall, for each pay period in which employee contributions are deducted, submit to the association a salary deduction report, in the form format prescribed by the executive director, showing. Data to be submitted as part of salary deduction reporting may include, but are not limited to:~~

~~(a) (1) the legal names and the association membership numbers, listed in alphabetical order, social security numbers of employees who are members;~~

~~(b) the legal names of all new public employees and the effective dates of appointment; (c) (2) the amount of each employee's salary deduction; (d)~~

~~(3) the amount of salary from which each deduction was made; (e) effective dates of member terminations of public service accompanied by the applicable status code as set by the association for those terminations caused by death or retirement; (f) effective dates of all temporary layoffs and leaves of absence accompanied by the applicable status code as set by the association; and (g)~~

~~(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and~~

~~(5) adjustments or corrections covering past pay periods.~~

~~Reports of contributions must be accompanied by a membership enrollment form~~

~~(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the form format prescribed by the executive director. The required enrollment forms from data on new employees must be collected by the employer and submitted to the association within 30 days following the date of employment prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish such additional data, forms, and reports on magnetic media on other forms as may be requested required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give advance notice to governmental subdivisions to allow time for system modifications.~~

~~(b) (c) Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.~~

Sec. 15. Minnesota Statutes 1998, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] (a) In the case of omission of required deductions 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. Upon receipt of billing from the association, in the current pay period or the pay period immediately following the discovery of the omission. Payment for the omitted obligations shall 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 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 obligations for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's next subsequent salary payment or payments and remitted to the association. 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 an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.

(b) (d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (a) (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 (a) (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 an annual rate of 8.5 percent 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 an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.

(e) (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. 16. Minnesota Statutes 1998, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit must be initiated by written application in the manner and form prescribed by the executive director showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit and filed with the executive director. A member or former member who became totally and permanently disabled during a period of membership shall file application for total and permanent disability benefits within three years next following termination of public service. This benefit begins to accrue the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the 90-day period, from the date salary ceased, whichever is later. No member is entitled to receive a disability benefit payment when there remains to the member's credit unused annual leave or sick leave or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary. Payment must not accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. An applicant for total and

permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.

Sec. 17. Minnesota Statutes 1998, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The association shall determine eligibility for continuation of disability benefits and require periodic examinations and evaluations of disabled members as frequently as deemed necessary. The association shall require the disabled member to provide and authorize release of medical evidence, including all medical records and information from any source, relating to an application for continuation of disability benefits. Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation program if the executive director determines that the disabled person may be able to return to a gainful occupation. If a member is found to be no longer totally and permanently disabled and is reinstated to the payroll, payments must cease the first of the month following the reinstatement to the payroll expiration of 30 days after the member receives a certified letter notifying the member that payments will cease.

Sec. 18. Minnesota Statutes 1998, section 353.34, subdivision 1, is amended to read:

Subdivision 1. [REFUND OR DEFERRED ANNUITY.] (a) A former member is entitled to a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. ~~An active member of a fund enumerated in section 356.30, subdivision 3, clause (7), (8), or (14), who terminates public service in any of those funds and becomes a member of another fund enumerated in those clauses may receive a refund of employee contributions plus six percent interest compounded annually from the fund in which the member terminated service.~~ Application for a refund may not be made prior to the date of termination of public service or the termination of membership, whichever is sooner. Except as specified in paragraph (b), a refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was granted an authorized temporary layoff, a refund is not payable before termination of membership under section 353.01, subdivision 11b, clause (3).

(c) An individual who terminates public service covered by the public employees retirement association general plan or the public employees retirement association police and fire plan, or the public employees local government corrections service retirement plan, and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus six percent interest compounded annually from the plan in which the member terminated service.

Sec. 19. Minnesota Statutes 1999 Supplement, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND PLAN MEMBERSHIP; MANDATORY.] A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full-time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting; or

(3) a full-time police officer or firefighter meeting all requirements of clause (1) or (2), as

applicable, who as part of the position is periodically assigned to employment duties in the same department but not within the scope of this subdivision.

An individual to which clause (3) applies must contribute as a member of the police and fire plan for both the primary and secondary services that are provided to the employing governmental subdivision.

Subd. 1a. [POLICE AND FIRE PLAN; OTHER MEMBERS.] (a) A person who prior to July 1, 1961, was a member of the police and fire fund plan, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the fund plan.

(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund plan on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, continues to be a member of the fund plan, whether or not that person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(c) A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(e) (d) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund-benefit plan, shall become a member of the police and fire fund plan after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.

(d) Any other employee serving on a full-time basis as a police officer as defined in subdivision 2 or as a firefighter as defined in subdivision 3 on or after July 1, 1961, shall become a member of the public employees police and fire fund.

(e) An employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer.

(f) An employee serving on less than a full-time basis as a firefighter shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter.

(g) A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund, (e) Any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund-benefit plan as provided in sections 353A.01 to 353A.10, or any police officer or firefighter to whom section 353.665 applies who has not elected coverage by the public employees police and fire fund-benefit plan as provided in section 353.665, subdivision 4, shall not become a member of the public employees police and fire fund plan, but shall not be subject to the provisions of sections 353.651 to 353.659 unless an election for such coverage is made under section 353.665, subdivision 4.

Sec. 20. Minnesota Statutes 1998, section 353.64, subdivision 2, is amended to read:

Subd. 2. [POLICE AND FIRE FUND MEMBERSHIP; PART-TIME EMPLOYMENT COVERAGE OPTION.] ~~Before a~~ (a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision shall be covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of this subdivision, the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for primary services provided, satisfies all requirements of subdivision 1, clause (3), other than the requirement of full-time employment.

(c) ~~For the governing body may of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, as at a minimum, include employment as an officer of a designated police department or sheriff's office or person in charge of a designated police department or sheriff's office whose primary job it is to enforce the law, who is licensed by the Minnesota board of peace officer standards and training under sections 626.84 to 626.863, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant.~~

~~A police officer who is periodically assigned to employment duties not within the scope of this subdivision may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a police officer, is adopted by the governing body of the department, and is promptly submitted to the executive director. satisfy all requirements of subdivision 1, clause (1), other than the requirement of full-time employment.~~

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy all requirements of subdivision 1, clause (2), other than the requirement of full-time employment.

Sec. 21. Minnesota Statutes 1998, section 353.64, subdivision 3, is amended to read:

Subd. 3. [POLICE AND FIRE FUND MEMBERSHIP; EXCLUSION.] ~~Before a governing body may declare a position to be that of a firefighter, the duties of the person so employed must, as a minimum, include services as an employee of a designated fire company or person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting. A firefighter who is periodically assigned to employment duties outside the scope of firefighting may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a firefighter, is adopted by the governing body of the company or companies, and is promptly submitted to the executive director. A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire plan shall not become a member of the public employees police and fire plan.~~

Sec. 22. Minnesota Statutes 1998, section 353.64, subdivision 4, is amended to read:

Subd. 4. [RESOLUTION FILING.] (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following notice from the association, if a valid resolution is not filed with the public employees retirement association within six months following the date of that notice, any contributions or deductions made to the police and fire fund for the applicable employment are

deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

Sec. 23. Minnesota Statutes 1998, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] A member of the police and fire fund plan who becomes disabled and physically unfit to perform duties as a police officer or, firefighter subsequent to June 30, 1973, or paramedic as defined under section 353.64, subdivision 10, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform the duties as a police officer or, firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year, shall receive disability benefits during the period of such disability. The benefits must be in an amount equal to 60 percent of the "average salary" under as defined in section 353.651, subdivision 3 2, plus an additional percent specified in section 356.19, subdivision 6, of said that average salary for each year of service in excess of 20 years. Should If disability under this subdivision occur occurs before the member has at least five years of allowable service credit in the police and fire fund plan, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 24. Minnesota Statutes 1998, section 353.656, subdivision 3, is amended to read:

Subd. 3. [NONDUTY DISABILITY BENEFIT.] Any member of the police and fire plan who becomes disabled after not less than one year of allowable service because of sickness or injury occurring while not on duty as a police officer or, firefighter, or paramedic as defined under section 353.64, subdivision 10, and by reason of that sickness or injury the member has been or is expected to be unable to perform the duties as a police officer or, firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year, is entitled to receive a disability benefit. The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. For a member who is employed as a full-time firefighter by the department of military affairs of the state of Minnesota, allowable service as a full-time state military affairs department firefighter credited by the Minnesota state retirement system may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 25. Minnesota Statutes 1998, section 353.71, subdivision 2, is amended to read:

Subd. 2. [DEFERRED ANNUITY COMPUTATION; AUGMENTATION.] (a) The deferred annuity, if any, accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed in the manner provided in said sections, on the basis of allowable service prior to termination of public service and augmented as provided herein in this paragraph. The required reserves applicable to a deferred annuity, or to an annuity for which a former member was eligible but had not applied, or to any deferred segment of an annuity shall must be determined as of the date the annuity begins to accrue and shall be augmented from the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. These required reserves must be augmented at the rate of five percent per annum annually compounded annually until January 1, 1981, and at the rate of three percent thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent per annum compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period shall must be augmented by interest pursuant to this subdivision as specified in this paragraph. The sum of the augmented required reserves so determined shall be is the present value of the annuity. Uninterrupted service for the purpose of this subdivision shall mean means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service restored thereby shall must be considered as continuous with the next period of service for which the employee has credit with this association. The formula percentages used for each period of uninterrupted service shall be

~~those as would be applicable to a new employee. This section shall must not reduce the annuity otherwise payable under this chapter. This subdivision paragraph shall apply applies to individuals who become deferred annuitants of record on or after July 1, 1971, and to employees who thereafter become deferred annuitants; it shall also apply. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, to if the former members who make application active member applies for an annuity after July 1, 1973.~~

(b) 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 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 4d, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 26. Minnesota Statutes 1998, section 353B.11, subdivision 3, is amended to read:

Subd. 3. [AMOUNT; SURVIVING SPOUSE BENEFIT.] (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Brainerd police benefit association;
- (6) Crookston police relief association;
- (7) Faribault fire department relief association; and
- (8) West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and
- (7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;

- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division; and
- (2) New Ulm police relief association.

(e) The surviving spouse benefit shall be ~~\$250 per month~~ 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia fire department relief association; and
- (2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin firefighters relief association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington police relief association;

(3) 72.25 percent of the salary base, Buhl police relief association;

(4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the

service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

(5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

(6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

(7) \$100 per month, Faribault police benefit association;

(8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(9) \$175 per month, Mankato police benefit association;

(10) 26.25 percent of the salary base, Minneapolis fire department relief association;

(11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(12) 78.545 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 55 percent of salary or would have been 55 percent of salary if the firefighter had survived to begin benefit receipt; or 80 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 54 percent of salary or would have been 54 percent of salary if the firefighter had survived to begin benefit receipt, Richfield fire department relief association;

(13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(14) 26.6667 percent of the salary base, St. Louis Park police relief association;

(15) 27.5 percent of the salary base, St. Paul fire department relief association;

(16) ~~20~~ 27.5 percent of the salary base, St. Paul police relief association; and

(17) 27 percent of the salary base, South St. Paul firefighters relief association.

Sec. 27. Minnesota Statutes 1998, 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 the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the Minnesota state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the Minnesota state colleges and university system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of due to prior employment by the association that system;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. In such cases, the executive director shall determine whether all or none of the combined service is covered by the association, however a A person whose 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. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association.

(b) The term Teacher does not mean:

(1) ~~an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458;~~

~~(2) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;~~

~~(3) (2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;~~

~~(4) (3) a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college 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; or~~

~~(5) (4) a person exempt from licensure pursuant to under section 122A.30.~~

Sec. 28. Minnesota Statutes 1998, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the periodic compensation, upon which member contributions are required and made, ~~that is paid to a teacher before employee-paid fringe benefits,~~

~~tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.~~

(b) "Salary" does not mean:

- (1) lump sum annual leave payments;
- (2) lump sum wellness and sick leave payments;
- (3) payments in lieu of any employer-paid group insurance coverage;
- (4) payments for the difference between single and family premium rates that may be paid to a member with single coverage;
- (5) employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses; employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;
- (6) (4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;
- (7) (5) any form of severance payments;
- (8) (6) workers' compensation payments;
- (9) (7) disability insurance payments including self-insured disability payments;
- (10) (8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;
- (11) (9) payments under section 356.24, subdivision 1, clause (4); and
- (12) (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 29. Minnesota Statutes 1998, section 354.091, is amended to read:

354.091 [SERVICE CREDIT.]

(a) ~~In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered must constitute a year under sections 354.05 to 354.10, provided the year is not less than the legal minimum school year of this state. service credit, no person teacher shall receive credit for more than one year of teaching service for any fiscal year. Commencing July 1, 1961;~~

(1) ~~if a teacher teaches only a fractional part of a day, credit must be given for a day of teaching service for each less than five hours taught, and in a day, service must be given for the fractional part of the day as the term of service performed bears to five hours;~~

(2) ~~if a teacher teaches five or more hours in a day, service credit must be given for only one day;~~

(3) ~~if a teacher teaches at least 170 full days in any fiscal year, credit must be given for a full year of teaching service;~~ and

(3) (4) ~~if a teacher teaches for only a fractional part of the year, credit must be given for such fractional part of the year as the term of service rendered performed bears to 170 days.~~

~~(b) A person who teaches in the state colleges and university system teacher shall receive a full year of service credit based on the number of days in the system's employer's full school year if it is less than 170 days. Teaching service performed prior to before July 1, 1961, must be computed under the law in effect at the time it was rendered performed.~~

~~(c) A teacher shall does not lose or gain retirement service credit as a result of the employer converting to a four-day work week flexible or alternate work schedule. If the employer does convert converts to a four-day work week flexible or alternate work schedule, the forms for reporting and procedures for determining service credit shall must be determined by the executive director with the approval of the board of trustees.~~

Sec. 30. Minnesota Statutes 1998, section 354.092, subdivision 2, is amended to read:

Subd. 2. [PAY RATE; CERTIFICATION.] A sabbatical leave must be compensated by a minimum of one-third of the salary the member received for a comparable period during the prior fiscal year. ~~Before the end of the fiscal year during which any sabbatical leave is granted~~ Upon granting a sabbatical leave, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director.

Sec. 31. Minnesota Statutes 1998, section 354.093, is amended to read:

354.093 [PARENTAL OR MATERNITY LEAVE.]

~~Before the end of the fiscal year during which any parental or maternity leave is granted~~ Upon granting a parental leave for the birth or adoption of a child, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the association granted parental or maternity leave of absence by the employing unit is entitled to service credit not to exceed one year for the period of leave upon payment to the association by the end of the fiscal year following the fiscal year in which the leave of absence terminated. This payment must include equal the total required employee, and employer contributions, and amortization contributions, if any, for the period of leave prescribed in section 354.42. The payment must be based on the member's average full-time monthly salary rate on the date the leave of absence commenced, and must be without interest. Notwithstanding the provisions of any agreements to the contrary, ~~employee and employer~~ the contributions specified in this section may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

Sec. 32. Minnesota Statutes 1998, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] ~~Before the end of the fiscal year during which~~ Upon granting any extended leave of absence is granted pursuant to under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence pursuant to under section 122A.46 or 136F.43 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave, provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave, which shall ~~The leave period must not exceed five years. A member may not receive more than five years of~~ allowable service credit under this section. The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include interest at an annual rate of 8.5 percent from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

Sec. 33. Minnesota Statutes 1998, section 354.10, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] Upon receipt of the properly completed forms as provided by the executive director, the annuity or benefit amount may be electronically transferred or the annuity or benefit check may be mailed to a ~~banking institution, savings association, or credit union~~ any financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization for deposit to the recipient's individual account or joint account with the recipient's spouse or any other person designated by the recipient. An overpayment to a joint account after the death of the annuity or benefit recipient must be repaid to the fund by the joint tenant if the overpayment is not repaid to the fund by the ~~banking institution, savings association, or credit union~~ financial institution associated with the National Automated Clearinghouse Association or a successor. The board may prescribe the conditions which govern these procedures.

Sec. 34. Minnesota Statutes 1998, section 354.35, is amended to read:

354.35 [OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE AGE—65 NORMAL RETIREMENT AGE.]

Any coordinated member who retires before normal retirement age 65 may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. ~~The election of this optional accelerated retirement annuity is exercised by making an application to the board on a form provided by the executive director.~~ The optional accelerated retirement annuity must take the form of an annuity payable for the period before the member attains normal retirement age 65 in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches normal retirement age 65 and at that time the payment from the association must be reduced. For each year the retiree is under normal retirement age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. At retirement, members who retire before age 62 may elect to have the age specified in this section be 62 instead of 65 the normal retirement age. ~~This election is irrevocable and may be made only once on the application form provided by the executive director.~~ The method of computing the optional accelerated retirement annuity provided in this section is established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity, the board of trustees must obtain the written approval of the commission-retained actuary. The written approval must be a part of the permanent records of the board of trustees. The election of an optional accelerated retirement annuity is exercised by making an application on a form provided by the executive director.

Sec. 35. Minnesota Statutes 1998, section 354.46, subdivision 2a, is amended to read:

Subd. 2a. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or a refund under section 354.47, subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain payment and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the ~~survivor's~~ surviving spouse's estate.

Sec. 36. Minnesota Statutes 1998, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] ~~(1)~~ (a) If a member dies before retirement and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse,

the designated beneficiary is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death of the member. If the designated beneficiary is a minor, interest must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

(2) (b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member; then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's accumulated deductions plus six percent interest at the rate of six percent per annum compounded annually.

(c) If the designated beneficiary under paragraph (b) is a minor, any interest credited under that paragraph must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

Sec. 37. Minnesota Statutes 1998, section 354.48, subdivision 6, is amended to read:

Subd. 6. [REGULAR PHYSICAL EXAMINATIONS.] At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the executive director shall require the disability beneficiary to undergo a medical examination ~~to be made at the place of residence of such person, or at any other place mutually agreed upon,~~ by a physician or physicians engaged by the executive director. If any examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the association shall be discontinued. The payments shall discontinue as soon as the member is reinstated to the payroll following sick leave, but payment may not be made for more than 60 days after physicians engaged by the executive director find that the person is no longer permanently and totally disabled.

Sec. 38. Minnesota Statutes 1998, section 354.49, subdivision 1, is amended to read:

Subdivision 1. [ENTITLEMENT, APPLICATION.] A person who ceases to render teaching service in any school or institution to which the provisions of this chapter apply is entitled to a refund provided in subdivision 2, or a deferred retirement annuity under section 354.55, subdivision 11. An application for a refund must not be made sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. This payment must be made within ~~90~~ 45 days after receipt of application for refund or ~~upon completion of processing the report made pursuant to section 354.52, subdivision 2~~ receipt of member reporting data under section 354.52, subdivision 4a, and payroll cycle data under section 354.52, subdivision 4b, whichever is later.

Sec. 39. Minnesota Statutes 1998, section 354.52, subdivision 3, is amended to read:

Subd. 3. [~~DUTY OF FINANCE OFFICIALS~~ DEDUCTION REQUIREMENTS.] ~~It is the duty of each person, officer, school board, or managing body required by law to draw the warrants or orders for payment of salaries to teachers to~~ Every pay period each employer shall deduct and withhold from all the salary paid each pay period to of every teacher who is a member of the fund the amount which the teacher is required to pay into the fund and, required under section 354.42. At the time of each deduction, to the employer shall also furnish to each teacher a statement showing the amount of the deduction.

Sec. 40. Minnesota Statutes 1998, section 354.52, subdivision 4, is amended to read:

Subd. 4. [REPORTING AND REMITTANCE REQUIREMENTS.] ~~At least once each month, a representative authorized by An employing unit~~ employer shall transmit remit all amounts due to the association and furnish a signed statement indicating the amount due and transmitted with any other information required by the executive director. Signing the statement has the force and effect

~~of an oath as to the correctness of the amount due and transmitted. If an amount due and is not transmitted remitted to the association within seven calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually commencing 15 days after from the due date first due until the amount is transmitted and must be paid by the employing unit. These payments received by the association. All amounts due and other employing unit employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.~~

Sec. 41. Minnesota Statutes 1998, section 354.52, subdivision 4a, is amended to read:

Subd. 4a. [MEMBER DATA REPORTING REQUIREMENTS.] (a) An employing unit shall ~~must~~ initially provide the ~~following~~ member data specified in paragraph (b) or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes under this subdivision must be reported to the association on an ongoing basis ~~for~~ within 14 calendar days after the date of the end of the payroll cycle in which they occur. These data changes should be reported with the payroll cycle data under subdivision 4b.

(b) Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence;

(7) county district number assigned by the association for the employing unit;

(8) data center identification number, if applicable; and

(9) other information as may be required by the executive director.

Sec. 42. Minnesota Statutes 1998, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. [PAYROLL CYCLE REPORTING REQUIREMENTS.] An employing unit shall provide the following data to the association for payroll warrants ~~dated after June 30, 1995, for each~~ on an ongoing basis within 14 calendar days after the date of the payroll cycle warrant in a format prescribed by the executive director:

(1) association member number;

(2) employer-assigned employee number;

(3) social security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;

(6) reason for payment;

- (7) service credit;
- (8) the beginning and ending dates of the payroll period covered and the date of actual payment;
- (9) fiscal year of salary earnings;
- (10) total remittance amount including employee, employer, and additional employer contributions; and
- (11) other information as may be required by the executive director.

Sec. 43. Minnesota Statutes 1998, section 354.63, subdivision 2, is amended to read:

Subd. 2. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) The required reserves for retirement annuities as determined ~~in accordance with~~ under this chapter ~~shall~~ must be transferred to the Minnesota postretirement investment fund ~~as of no later than~~ the last business day of the month in which the retirement annuity begins. The required reserves shall be determined in accordance with the appropriate annuity table of mortality adopted by the board of trustees as provided in section 354.07, subdivision 1, based on the experience of the fund as recommended by the commission-retained actuary and using the interest assumption specified in section 356.215, subdivision 4d.

(2) Annuity payments shall be adjusted as provided in accordance with the provisions of section 11A.18. In making these adjustments, members who retire effective July 1 shall be considered to have retired effective the preceding June 30. ~~This section applies to persons who retired effective July 1, 1982, or later.~~

(3) An increase in annuity payments ~~pursuant to~~ under this section will be made automatically unless written notice is filed by the annuitant with the executive director of the teachers retirement association requesting that the increase ~~shall~~ not be made.

Sec. 44. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] ~~(1) (a)~~ Notwithstanding any provisions ~~to the contrary~~ of the laws governing the ~~funds~~ plans enumerated in subdivision 3, a person who has met the qualifications of ~~clause (2) paragraph (b)~~ may elect to receive a retirement annuity from each ~~fund plan~~ in which the person has at least ~~six months~~ one-half year of allowable service, based on the allowable service in each ~~fund plan~~, subject to the provisions of ~~clause (3) paragraph (c)~~.

~~(2) (b)~~ A person may receive upon retirement a retirement annuity from each ~~fund plan~~ in which the person has at least ~~six months~~ one-half year of allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

~~(a) (1)~~ the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated ~~funds~~ plans; and

~~(b) (2)~~ the person has not begun to receive an annuity from any enumerated ~~fund plan~~ or the person has made application for benefits from ~~all funds~~ each applicable plan and the effective dates of the retirement annuity with each ~~fund plan~~ under which the person chooses to receive an annuity are within a one-year period.

~~(3) (c)~~ The retirement annuity from each ~~fund plan~~ must be based upon the allowable service, accrual rates, and average salary in each ~~fund~~, except that the applicable plan as further specified or modified in the following clauses:

~~(a) (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 ~~fund plan~~ with which the person earned a minimum of one-half year of allowable service credit during that employment;

(b) ~~(2)~~ the "average salary" on which the annuity from each covered ~~fund~~ fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered ~~funds~~ plans;

~~(c)~~ ~~The formula percentages~~ ~~(3)~~ accrual rates to be used by each ~~fund~~ plan must be those percentages prescribed by each ~~fund's plan's~~ formula as continued for the respective years of allowable service from one ~~fund~~ plan to the next, recognizing all previous allowable service with the other covered ~~funds~~ plans;

~~(d)~~ ~~(4)~~ allowable service in all the ~~funds~~ plans must be combined in determining eligibility for and the application of each ~~fund's plan's~~ provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement: age; and

~~(e)~~ ~~(5)~~ the annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

~~(f)~~ ~~(d)~~ This section ~~shall~~ does not apply to any person whose final termination from the last public service under a covered ~~fund~~ is prior to May 1, 1975.

~~(g)~~ ~~(e)~~ For the purpose of computing annuities under this section the ~~formula percentages~~ accrual rates used by any covered ~~fund~~ plan, except the public employees police and fire ~~fund~~ plan and the state patrol retirement ~~fund~~ plan, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The ~~formula percentage~~ accrual rate used by the public employees police and fire ~~fund~~ plan and the state patrol retirement ~~fund~~ plan must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The ~~formula percentage~~ accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

~~(h)~~ ~~(f)~~ Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

~~(i)~~ ~~(g)~~ If the period of duplicated service credit is more than ~~six months~~ one-half year, or the person has credit for more than ~~six months~~ one-half year, with each of the ~~funds~~ plans, each ~~fund~~ shall 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 funds for the period.

~~(j)~~ ~~(h)~~ If the period of duplicated service credit is less than ~~six months~~ one-half year, or when added to other service credit with that fund is less than ~~six months~~ one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 45. [356.90] [COMBINED PAYMENT.]

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees and the total payment must be equal to what is payable if payments are kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each fund will calculate benefits under the laws governing the plan and the required reserves and future mortality losses or gains will be paid or accrued to the fund from which the service was earned. Each fund must account for their portion of the payment separately, and there may be no additional liabilities realized by either fund.

(c) The fund making payment would be responsible for issuing one payment, making address changes, tax withholding changes, and other administrative functions needed to process the payment.

Sec. 46. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the term "six months" to "one-half year" wherever it appears in Minnesota Statutes, sections 356.302 and 356.303.

Sec. 47. [REPEALER.]

Minnesota Statutes 1998, sections 353.024; and 354.52, subdivision 2, are repealed.

Sec. 48. [EFFECTIVE DATE.]

(a) Sections 1 to 47 are effective on July 1, 2000.

(b) Section 26 is not intended to increase or decrease any surviving spouse benefit compared to the surviving spouse benefit payable immediately prior to July 1, 2000.

ARTICLE 4

MILITARY SERVICE CREDIT

PURCHASE AUTHORIZATION

Section 1. [352.275] [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A state employee who has at least three years of allowable service with the Minnesota state retirement system and who performed service in the United States armed forces before becoming a state employee, or who failed to obtain service credit for a military leave of absence under section 352.27, is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 provided the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] An employee who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the Minnesota state retirement system to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the employee's effective date of retirement.

Sec. 2. Minnesota Statutes 1998, section 352B.01, is amended by adding a subdivision to read:

Subd. 3a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE] (a) A member who has at least three years of allowable service with the state patrol retirement plan under subdivision 3 and who performed service in the United States armed forces before becoming a member is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 provided the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A member who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the state patrol retirement plan to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the member.

Sec. 3. Minnesota Statutes 1998, section 353.01, is amended by adding a subdivision to read:

Subd. 16a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A public employee who has at least three years of allowable service with the public employees retirement association or the public employees police and fire plan and who performed service in the United States armed forces before becoming a public employee, or who failed to obtain service credit for a military leave of absence under subdivision 16, paragraph (h), is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 provided the public employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A public employee who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the public employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the public employees association or the public employees police and fire plan, whichever applies, to the purchasing public employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the public employee.

Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

(a) Sections 1, 2, and 3 are effective on the day following final enactment.

(b) Sections 1, 2, and 3 are repealed on May 16, 2003.

ARTICLE 5

RETIREMENT HEALTH CARE PROVISIONS

Section 1. [352G.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] Unless the language or context clearly indicates that a different meaning is intended, the terms defined in this section, for the purposes of this chapter, have the meanings given them.

Subd. 2. [INCLUDED PARTICIPANTS.] "Included participants" means persons contributing to a retirement plan under chapter 3A, 352, 352B, 352D, or 490 on or after July 1, 2000.

Subd. 3. [ELIGIBLE RETIRED EMPLOYEE.] "Eligible retired employee" means a former employee who is drawing monthly retirement benefits under chapter 3A, 352, 352B, 352D, or 490, and who has at least 15 years of allowable service and was eligible to draw retirement benefits at the time of separation from state service.

Subd. 4. [DISABLED EMPLOYEE.] "Disabled employee" means an employee who has been determined disabled under chapter 3A, 352, 352B, 352D, or 490.

Subd. 5. [INELIGIBLE TERMINATED EMPLOYEE.] "Ineligible terminated employee" means a former state employee who is not eligible for benefits from the health care reimbursement plan.

Subd. 6. [ACCUMULATED CONTRIBUTIONS.] "Accumulated contributions" means the total deductions made from the salary of an employee into the health care reimbursement plan.

Subd. 7. [HEALTH CARE REIMBURSEMENT FUND.] The "health care reimbursement fund" includes the total accumulated contributions and employer contributions made by or on behalf of all included participants and any investment return attributable to the contributions.

Subd. 8. [ALLOWABLE SERVICE.] "Allowable service" means allowable service under chapter 3A, 352, 352B, 352D, or 490 except any allowable service reinstated by repaying a refund on or after July 1, 2000.

Subd. 9. [SALARY.] "Salary" means wages, or other periodic compensation paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. Lump sum sick leave payments, severance payments, lump sum annual leave payments and overtime payments made at the time of separation from state service, payments in lieu of any employee-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage, and payments made as an employer-paid fringe benefit, workers' compensation payments, employer contributions to a deferred compensation or tax sheltered annuity program, and amounts contributed under a benevolent vacation and sick leave donation program are not salary.

Subd. 10. [DESIGNATED BENEFICIARY.] "Designated beneficiary" means the designated beneficiary established by the included participants or eligible retired employees under the retirement plan under chapter 3A, 352, 352B, 352D, or 490.

Subd. 11. [EXECUTIVE DIRECTOR.] "Executive director" means the executive director of the Minnesota state retirement system under section 352.03, subdivision 5.

Subd. 12. [BOARD.] "Board" means the board of directors of the Minnesota state retirement system established under section 352.03.

Subd. 13. [EMPLOYEE.] "Employee" means a person contributing to a retirement plan under chapter 3A, 352, 352B, 352D, or 490.

Sec. 2. [352G.02] [HEALTH CARE REIMBURSEMENT PLAN.]

Subdivision 1. [ESTABLISHMENT.] There is established the health care reimbursement plan for state employees covered under chapter 3A, 352, 352B, 352D, or 490. This plan must meet qualification requirements under the Internal Revenue Code, section 401(h), to ensure that both contributions and benefit payments are tax free.

Subd. 2. [STATE EMPLOYEES COVERED.] Every state employee contributing to a plan under chapter 3A, 352, 352B, 352D, or 490 on or after July 1, 2000, is covered by the health care reimbursement plan. Acceptance of state employment or continuance in state service in which contributions are made under chapter 3A, 352, 352B, 352D, or 490 is deemed consent to have deductions made from salary for deposit to the credit of the account of the state employee in the health care reimbursement plan.

Sec. 3. [352G.03] [COVERAGE TERMINATION.]

Coverage of any person under the health care reimbursement plan ends when the person ceases to be a state employee or is no longer covered by a pension plan under chapter 3A, 352, 352B, 352D, or 490.

Sec. 4. [352G.04] [APPEALS PROCEDURE.]

If someone wishes to appeal a decision made by the executive director, the appeal procedure established under section 352.031 must be followed.

Sec. 5. [352G.05] [STATE EMPLOYEES HEALTH CARE REIMBURSEMENT FUND, CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.]

Subdivision 1. [FUND CREATED.] There is created a special fund to be known as the state employees health care reimbursement fund. Employee contributions, employer contributions, investment returns, and any other amounts authorized by law shall be deposited in this account.

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to .5 percent of salary. These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

Subd. 3. [EMPLOYER CONTRIBUTIONS.] The employer contribution to the fund must be equal to .5 percent of salary. These contributions shall be made under section 352.04, subdivisions 5 and 6.

Subd. 4. [OMITTED SALARY DEDUCTIONS.] If a department fails to take deductions from an employee's salary as provided in this section, the collection of omitted deduction must be made in accordance with section 352.04, subdivision 8, paragraphs (a), (b), and (c).

Subd. 5. [ERRONEOUS DEDUCTIONS; CANCELED WARRANTS.] Deductions taken from the salary of an employee for the health care reimbursement fund in error must, upon discovery and verification by the department making the deduction, be refunded to the employee in accordance with section 352.04, subdivision 9.

Subd. 6. [FUND DISBURSEMENT RESTRICTED.] The health care reimbursement fund must be disbursed only for the purposes provided by law. The expenses of the health care reimbursement plan and any benefits provided by law must be paid from the health care reimbursement fund. Refunds under section 352G.10, subdivisions 1 and 2, must be paid from the contributions prior to being invested in the health care reimbursement fund.

Sec. 6. [352G.06] [STATE TREASURER TO BE TREASURER OF THE HEALTH CARE REIMBURSEMENT FUND.]

The state treasurer and the treasurer's successor is ex officio treasurer of the health care reimbursement fund. The general bond to the state shall cover all liability for actions as treasurer of these funds. Funds of the system received by the treasurer must be set aside in the state treasury and credited to the health care reimbursement fund. The treasurer and the treasurer's successor shall deliver to the executive director copies of all payroll abstracts of the state together with the commissioner of finance's warrants covering the deductions made on these payroll abstracts for the health care reimbursement fund. The executive director shall have a list made of the commissioner of finance's warrants. These warrants must then be deposited with the state's treasurer or the treasurer's successor to be credited to the health care reimbursement fund. The treasurer shall pay out of this fund only on warrants issued by the commissioner of finance, upon abstracts signed by the director, or by the finance officer designated by the director during the disability or the absence of the director. Abstracts for investments may be signed by the executive director of the state board of investment.

Sec. 7. [352G.07] [INVESTMENT BOARD TO INVEST FUNDS.]

The director shall, from time to time, certify to the state board of investment any portions of the health care reimbursement fund that in the judgment of the director are not required for immediate use. The state board of investment shall invest and reinvest sums so transferred, or certified, in securities that are duly authorized legal investments under section 11A.24. Amounts invested in the health care reimbursement fund must be accounted for separately from the retirement funds invested by the investment board.

Sec. 8. [352G.08] [HEALTH CARE REIMBURSEMENT PLAN BENEFITS.]

Subdivision 1. [AGE AND SERVICE REQUIREMENTS.] After separation from state service, an employee who has attained the age of at least 60, who has at least 15 years of allowable service, and is immediately eligible for retirement or disability benefits or an employee who qualifies for the rule of 90 regardless of age is entitled upon application to benefits from the health care reimbursement plan as long as the employee has not accepted a refund under section 352G.10, subdivisions 1 and 2, or has repaid all refunds to the health care reimbursement plan under section 352G.10, subdivision 4. Benefits are not payable to an eligible disabled employee who is no longer collecting disability or retirement benefits.

Subd. 2. [BENEFIT SCHEDULE.] Those meeting the eligibility requirements in subdivision 1 will be entitled to the following monthly benefits:

<u>Retirement Date</u>	<u>Monthly Benefits</u>
<u>July 1, 2000 - June 30, 2002</u>	<u>\$55</u>
<u>July 1, 2002 - June 30, 2003</u>	<u>\$64</u>
<u>July 1, 2003 - June 30, 2004</u>	<u>\$73</u>
<u>July 1, 2004 - June 30, 2005</u>	<u>\$82</u>
<u>July 1, 2005 - June 30, 2006</u>	<u>\$92</u>
<u>July 1, 2006 - June 30, 2007</u>	<u>\$102</u>
<u>July 1, 2007 - June 30, 2008</u>	<u>\$113</u>
<u>July 1, 2008 - June 30, 2009</u>	<u>\$123</u>
<u>July 1, 2009 - June 30, 2010</u>	<u>\$134</u>
<u>July 1, 2010 - June 30, 2011</u>	<u>\$146</u>
<u>July 1, 2011 - and after</u>	<u>\$158</u>

Subd. 3. [PAYMENTS.] The first monthly payment will begin on July 1, 2002, and will be based on the schedule above. No monthly payments will be made prior to July 1, 2002. Payments will be paid directly to the eligible retired employee, but only upon providing documentation that the money is used to offset health insurance premiums or any other health expenses to meet the requirements under the Internal Revenue Code, section 401(h). At the discretion of the executive director, payments may be added to the monthly retirement checks received by the eligible retired employee.

Subd. 4. [TERMINATION OF BENEFITS.] Monthly benefits will terminate upon the death of the member, and will not continue to a survivor or designated beneficiary.

Sec. 9. [352G.09] [ANNUAL INCREASES, CALCULATION OF HEALTH INSURANCE PLAN INFLATION ADJUSTMENT.]

(a) Annually, following June 30, the Minnesota state retirement system shall use the procedures in paragraph (b) to determine whether an inflation adjustment is payable and to determine the amount of the adjustment.

(b) If the medical inflation index increases from June 30 of the preceding year to June 30 of the current year, the Minnesota state retirement system shall certify the percentage increase. The amount certified is the lesser of the medical inflation index or five percent. The board, at its discretion, can decrease the adjustment in any year in order to maintain the financial integrity of the health insurance plan which includes avoiding projected unfunded liability. The board will seek advice from an approved actuary in determining if the inflation adjustment should be lowered.

(c) If an increase is payable, it will be made the following January 1. An eligible retired employee who has been receiving health insurance reimbursement benefits for at least 12 months as of the current June 30 is eligible to receive a full insurance plan inflation adjustment. An eligible retired employee who has been receiving a health insurance benefit for at least one full month, but less than 12 full months as of the current June 30 is eligible to receive a partial inflation adjustment as follows:

<u>Month Retired</u>	<u>Fraction of the Increase</u>
<u>July</u>	<u>11/12</u>
<u>August</u>	<u>10/12</u>
<u>September</u>	<u>9/12</u>
<u>October</u>	<u>8/12</u>
<u>November</u>	<u>7/12</u>
<u>December</u>	<u>6/12</u>
<u>January</u>	<u>5/12</u>
<u>February</u>	<u>4/12</u>
<u>March</u>	<u>3/12</u>
<u>April</u>	<u>2/12</u>
<u>May</u>	<u>1/12</u>

Sec. 10. [352G.10] [REFUND OF EMPLOYEE CONTRIBUTIONS.]

Subdivision 1. [REFUND.] An ineligible terminated employee, an eligible retired employee who has not yet begun collecting benefits, or an employee who moves to a state position no longer covered by chapter 3A, 352, 352B, 352D, or 490 may apply for a refund provided in subdivision 2. Application for a refund may be made after the termination of state service if the applicant has not again become a state employee required to be covered by the system.

Subd. 2. [AMOUNT OF REFUND.] The refund payable to a person defined in subdivision 1 is an amount equal to employee contributions plus interest at a rate of five percent per year compounded annually. The amount of the refund is paid from contributions paid under section 352G.05 prior to the money being invested in the health care reimbursement fund.

Subd. 3. [TERMINATION OF RIGHTS.] When an ineligible terminated employee or an eligible retired employee accepts a refund as provided in subdivision 2, all existing service and all rights and benefits to which the employee was entitled before accepting the refund terminate. Refunds may not be repaid.

Subd. 4. [REPAYMENT OF REFUND.] An included participant may repay a refund paid under subdivision 2 by paying the amount refunded plus 8.5 percent interest compounded annually. All refunds must be paid before termination or within one month following termination of state service.

Sec. 11. [352G.11] [PAYMENTS UPON THE DEATH OF AN INCLUDED PARTICIPANT.]

Upon the death of an included participant or a person not yet collecting monthly benefits under this section, the designated beneficiary is entitled to a refund of contributions plus five percent interest, compounded annually.

Sec. 12. [352G.12] [PAYMENT UPON THE DEATH OF AN ELIGIBLE RETIRED EMPLOYEE.]

Upon the death of an eligible retired employee who has started collecting monthly benefits, the designated beneficiary is entitled to a refund of the eligible retired employee's contributions plus five percent interest compounded annually until the date of termination of state service less the monthly benefits that have been paid.

Sec. 13. [CURRENT RETIREES AND DISABLED EMPLOYEES.]

Any current retiree or disabled employee receiving monthly benefits under Minnesota Statutes, chapter 3A, 352, 352B, 352D, or 490, who has 15 or more years of service and is age 60 or who qualified for the rule of 90 at the time of termination of public employment would be eligible to receive an additional \$55 per month. This additional payment will be added to the retired or disabled employees monthly retirement check and will be eligible for future postretirement adjustments under Minnesota Statutes, section 11A.18, subdivision 9. The present value necessary to provide this benefit increase to retired and disabled employees must be transferred to the postretirement fund under Minnesota Statutes, section 11A.18, subdivision 6, from the retirement fund the person is currently receiving the benefits. If the retired or disabled employee is receiving payments from more than one retirement plan meeting qualifications under this subdivision, the required reserves will be transferred from the plan with the most service credit.

Sec. 14. [RETIREEES AND DISABLED EMPLOYEES UNDER AGE 60.]

A retired or disabled employee who has 15 or more years of service, but has not yet reached age 60 will be entitled to an additional \$55 per month upon attainment of age 60. The present value necessary to provide the benefit increase to those who become eligible later must be transferred to the postretirement fund when they reach age 60.

Sec. 15. [FIRST INCREASE.]

An eligible or retired eligible employee would first be eligible for an increase on January 1, 2003. The required reserves to support the payment must be transferred on July 1, 2001.

Sec. 16. [UNLIMITED RIGHT TO AMEND.]

Notwithstanding any other provision of the health benefit fund and provisions of the Internal Revenue Code, the provisions governing the health care reimbursement plan may be amended at any time and in any manner for any reason whatsoever. This right to amend includes, but is not limited to, the right to reduce or eliminate prospectively or retroactively any or all health benefits under the health care reimbursement plan for any or all persons who may be members, retirees, and other recipients or otherwise may be entitled to health benefits under this plan. Benefits may be reduced or eliminated for any or all persons including members, retirees, and other recipients even if they are then entitled to or are receiving health benefits.

Sec. 17. [POSTRETIREMENT HEALTH CARE TASK FORCE.]

(a) The commissioner of employee relations shall convene a task force on postretirement health care. The task force shall identify strategies for providing postretirement health care coverage for public employees and make recommendations regarding the most appropriate and efficient manner for providing postretirement health care.

(b) The task force shall include, but not be limited to, the following:

- (1) a representative of the department of employee relations;
- (2) a representative of the Minnesota state retirement system;
- (3) a representative of the teachers retirement association;
- (4) a representative of the public employees retirement association;
- (5) a representative of the first class city teacher retirement fund associations;
- (6) a representative of the first class city police and fire department relief associations;
- (7) a representative of the Minneapolis employees retirement fund;
- (8) a representative of the legislative coordinating commission subcommittee on employee relations;
- (9) one representative each from the Minnesota school boards association, the association of Minnesota counties, the Minnesota association of townships, the league of Minnesota cities;
- (10) exclusive representatives of affected public employees; and
- (11) representatives of major public employers.

(c) The task force shall report its findings and recommendations to the legislature by November 15, 2000. The report shall address:

- (i) alternative methods of providing and paying for postretirement health care;
- (ii) the estimated cost of providing postretirement health care under various alternatives; and
- (iii) the most efficient administrative structure for providing for postretirement health care.

Sec. 18. [EFFECTIVE DATE.]

Section 17 is effective on the day following final enactment.

ARTICLE 6

MSRS-CORRECTIONAL PLAN MEMBERSHIP

INCLUSIONS

Section 1. Minnesota Statutes 1998, section 352.91, subdivision 3c, is amended to read:

Subd. 3c. [NURSING PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota security hospital specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner, unless the person elects to retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.

(b) The employment positions are as follows:

- (1) registered nurse - senior;
- (2) registered nurse;
- (3) registered nurse - principal; and
- (4) licensed practical nurse 2; and
- (5) registered nurse practitioner.

Sec. 2. Minnesota Statutes 1998, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. [OTHER CORRECTIONAL PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota security hospital specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner, unless the person elects to retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.

(b) The employment positions are as follows: baker, chemical dependency counselor supervisor, chief cook, cook, cook coordinator, corrections behavior therapist, corrections behavior therapist specialist, corrections parent education coordinator, corrections security caseworker, corrections security caseworker career, corrections teaching assistant, dentist, electrician supervisor, general repair worker, library/information research services specialist, library/information research services specialist senior, plumber supervisor, psychologist 3, recreation therapist, recreation therapist coordinator, recreation program assistant, recreation therapist senior, stores clerk senior, water treatment plant operator, work therapy technician, work therapy assistant, work therapy program coordinator, corrections discipline unit supervisor, dental assistant registered, dental hygienist, psychologist 2, and sentencing to service crew leader involved with the inmate community work crew program.

(c) "Covered correctional service" also means service as the director of the Phoenix/Pomiga treatment/behavior change program of the department of corrections and the Phoenix/Pomiga assistant group supervisors.

Sec. 3. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3f. [ADDITIONAL CORRECTIONAL PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with patients and the fact 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) licensed practical nurse 1;
- (3) office and administrative specialist senior;

- (4) psychologist 2;
- (5) social worker specialist;
- (6) behavior analyst 3; and
- (7) social worker senior.

Sec. 4. [COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.]

Subdivision 1. [ELECTION OF PRIOR STATE SERVICE COVERAGE.] (a) An employee who has future retirement coverage transferred to the correctional employees retirement plan under section 1, 2, or 3, or an employee who has retirement coverage for past correctional service transferred to the correctional employees retirement plan under section 2, is entitled to elect to obtain prior service credit for eligible state service performed after June 30, 1975, and before the first day of the first full pay period beginning after June 30, 2000, with the department of corrections or the department of human services at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center. All eligible prior service credit must be purchased.

(b) For purposes of section 1; 2, paragraph (b); or 3, eligible state service with the department of corrections or the department of human services is any prior period of continuous service after June 30, 1975, performed as an employee of the department of corrections or the department of human services that would have been eligible for the correctional employees retirement plan coverage under section 1, 2, or 3 if that prior service had been performed after the first day of the first full pay period beginning after June 30, 2000, rather than before that date. Service is continuous if there has been no period of discontinuation of eligible state service for a period greater than 180 calendar days. For purposes of section 2, paragraph (c), eligible state service is any period of service on or after the date which the employee started employment with the Phoenix treatment/behavior change program in a position specified in Minnesota Statutes, section 352.91, subdivision 3d, paragraph (c), in which at least 75 percent of the employee's working time is determined to have been spent in direct contact with program participants, and the date the employee joined the correctional employees plan.

(c) The commissioner of corrections or the commissioner of human services shall certify eligible state service to the executive director of the Minnesota state retirement system.

(d) A covered correctional plan employee employed on July 1, 2000, who has past service in a job classification covered under section 1, 2, or 3 on July 1, 2000 is entitled to purchase the past service if the applicable department certifies that the employee met the eligibility requirements for coverage. The employee shall pay the difference between the employee contributions actually paid during the period and what should have been paid under the correctional employees retirement plan. Payment for past service must be completed by June 30, 2002.

Subd. 2. [PAYMENT FOR PAST SERVICE.] (a) An employee electing to obtain prior service credit under subdivision 1 must pay an additional employee contribution for that prior service. The additional member contribution is the contribution differential percentage applied to the actual salary paid to the employee during the period of the prior eligible state service, plus interest at the rate of six percent per annum, compounded annually. The contribution differential percentage is the difference between 4.9 percent of salary and the applicable employee contribution rate of the general state employees retirement plan during the prior eligible state service.

(b) The additional member contribution must be paid only in a lump sum. Payment must accompany the election to obtain prior service credit. No election of payment may be made by the person or accepted by the executive director after June 30, 2002.

Subd. 3. [TRANSFER OF ASSETS.] Assets must be transferred from the general state employees retirement plan to the correctional employees retirement plan, in an amount equal to the present value of benefits earned under the general employees retirement plan for each employee transferring to the correctional employees retirement plan, as determined by the actuary retained by the legislative commission on pensions and retirement in accordance with Minnesota

Statutes, section 356.215. The transfer of assets must be made within 45 days after the employee elects to transfer coverage to the correctional employees retirement plan.

Subd. 4. [EFFECT OF THE ASSET TRANSFER.] Upon transfer of assets in subdivision 3, service credit in the general state employees plan of the Minnesota state retirement system is forfeited and may not be reinstated. The service credit and transferred assets must be credited to the correctional employees retirement plan.

Subd. 5. [PAYMENT OF ACTUARIAL CALCULATION COSTS.] (a) The expense of the legislative commission on pensions and retirement attributable to the calculations of its consulting actuary under subdivision 3 must be reimbursed by the department of corrections and the department of human services.

(b) The expense reimbursement under paragraph (a) must be allocated between the two departments in a manner that is jointly agreeable. If no allocation procedure is developed by the commissioner of corrections and the commissioner of human services, the cost must be allocated on an equally shared basis.

(c) Payment of the expense reimbursement to the legislative commission on pensions and retirement is due 30 days after the receipt of the reimbursement request from the executive director of the legislative commission on pensions and retirement.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective July 1, 2000.

ARTICLE 7

PERA AND PERA-P&F MEMBERSHIP INCLUSIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following public employees shall not participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan:

(1) elected public officers, or persons appointed to fill a vacancy in an elective office, who do not elect to participate in the association by filing an application for membership;

(2) election officers;

(3) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision, but not those employees who are hired for an unlimited period but are serving a probationary period. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

Membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees whose actual salary from one governmental subdivision does not exceed \$425 per month, or whose annual salary from one governmental subdivision does not exceed a

stipulation prepared in advance, in writing, that the salary must not exceed \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are part-time employees as defined by a governmental subdivision;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(11) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible for membership from the date of the extension;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that 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 public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter; and

(17) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement 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; and

(18) electrical workers, plumbers, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, with coverage by the electrical workers local 110 pension plan or the united association plumbers local 34 pension plan under a collective bargaining agreement who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under section 5.

Sec. 2. Minnesota Statutes 1998, section 353.64, is amended by adding a subdivision to read:

Subd. 11. [PENSION COVERAGE FOR CERTAIN TRIBAL POLICE OFFICERS EXERCISING STATE ARREST POWERS.] (a) The governing body of a tribal police department which is exercising state arrest powers under section 626.90, 626.91, 626.92, or 626.93 may request by resolution to the executive director that its police officers be considered public employees under section 353.01, subdivision 2, and become members of the public employees police and fire retirement plan and that the tribal police department be considered a governmental subdivision under section 353.01, subdivision 6.

(b) The executive director of the association must approve the request by a tribal police department under paragraph (a) if a ruling made by the federal Internal Revenue Service provides that:

(1) the tribal police department is an agency or instrumentality of the state of Minnesota for purposes of enforcing state law; and

(2) that contributions made by the tribal police department to a retirement plan on behalf of employees of the tribal police department are contributions to a governmental plan within the meaning of section 414(d) of the federal Internal Revenue Code.

(c) Following approval of the request by the executive director, the head of the police department or designee must immediately report for membership in the police and fire fund a person who is employed as a full-time or part-time police officer in a position that meets the conditions in sections 353.01, subdivision 2a, and 353.64, subdivisions 1 and 2. The police department head or designee must deduct the employee contributions from the salary of each eligible police officer as required by section 353.65, subdivision 2, and make the employer contributions required by section 353.65, subdivision 3. The head of the police department must meet the reporting requirements in section 353.65, subdivision 4.

Sec. 3. [353.665] [PAST SERVICE CREDIT FOR CERTAIN MEMBERS EXTENDED COVERAGE.]

(a) A member to whom public employees police and fire retirement plan membership was extended under section 353.64, subdivision 11, may receive retroactive service credit in the public employees police and fire retirement plan for service as a tribal police officer rendered before the effective date of membership of the tribal police department employee in the police and fire fund, provided that the employee and the police department did not make contributions into a qualified tax-deferred retirement plan for that employment period.

(b) The request for retroactive coverage must be in writing and must be filed with the association within 60 days of when police and fire fund membership commenced. The prior service credit purchase payment is governed by section 356.55, except that the member must pay an amount equal to the employee salary deductions. The employee salary deductions for the retroactive period must be based on the police and fire pension plan rates in effect when the

service was rendered and applied to the salary amount that was earned and paid to the police officer. The employer must pay the balance of the prior service credit purchase payment amount.

Sec. 4. Laws 1965, chapter 705, section 1, subdivision 4, as amended by Laws 1995, First Special Session chapter 3, article 8, section 14, and Laws 1997, chapter 241, article 2, section 8, is amended to read:

Subd. 4. [INDEPENDENT SCHOOL DISTRICT NO. 625; APPLICABILITY OF CERTAIN LAWS.] (a) As of July 1, 1965, the organization, operation, maintenance and conduct of the affairs of the converted district shall be governed by general laws relating to independent districts, except as otherwise provided in Extra Session Laws 1959, Chapter 71, as amended, and all special laws and charter provisions relating only to the converted district are repealed.

(b) Where an existing pension law is applicable to employees of the special district, such law shall continue to be applicable in the same manner and to the same extent to employees of the converted district. Notwithstanding this requirement, pipefitters and associated trades personnel with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement who either were first employed after May 1, 1997, or, if first employed before May 2, 1997, electd exclusion from coverage under section 12 and electrical workers and associated trades personnel with coverage by the electrical workers local 110 pension plan under a collective bargaining agreement who either were first employed after May 1, 2000, or, if first employed before May 2, 2000, elected exclusion from coverage under section 5, are not covered by the public employees retirement association.

(c) General laws applicable to independent school districts wholly or partly within cities of the first class shall not be applicable to the converted district.

(d) The provision of the statutes applicable only to teachers retirement fund associations in cities of the first class, limiting the amount of annuity to be paid from public funds, limiting the taxes to be levied to carry out the plan of such associations, and limiting the amount of annuities to be paid to beneficiaries shall not be applicable to such converted district, but the statutes applicable to such special district prior to the conversion shall continue to be applicable and the pension plan in operation prior to the conversion shall continue in operation until changed in accordance with law, and the teacher tenure law applicable to the special district shall continue to apply to the converted district in the same manner and to the same extent to teachers in the converted district; provided further, where existing civil service provisions of any law or charter are applicable to special district employees, such provision may continue to be applicable in the same manner and to the same extent to employees of the converted district, unless the board and city governing body each adopt a resolution declaring that civil service bureau (city human resources department) functions would be more efficiently and effectively administered separately in each jurisdiction. Notwithstanding any contrary provision of Extra Session Laws 1959, Chapter 71, as amended, if there was in the special district a teachers retirement fund association operating and existing under the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, then such teachers retirement fund association shall continue to exist and operate in the converted district under and to be subject to the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, to the same extent and in the same manner as before the conversion, and, without limiting the generality of the foregoing, such teachers retirement fund association shall continue, after the conversion as before the conversion, to certify to the same authorities the amount necessary to raise by taxation in order to carry out its retirement plan, and it shall continue, after the conversion as before the conversion, to be the duty of said authorities to include in the tax levy for the ensuing year a tax in addition to all other taxes sufficient to produce so much of the sums so certified as said authorities shall approve, and such teachers retirement fund association shall not be subject after the conversion to any limitation on payments to any beneficiary from public funds or on taxes to be levied to carry out the plan of such association to which it was not subject before the conversion.

Sec. 5. [PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN TRADES PERSONNEL.]

Subdivision 1. [EXCLUSION ELECTION.] (a) An electrical worker, plumber, or an associated

trades person who is employed by independent school district No. 625, St. Paul, or the city of St. Paul, on the effective date of this section and who has pension coverage by the electrical workers 110 pension plan or the united association plumbers local 34 pension plan under a collective bargaining agreement may elect to be excluded from pension coverage by the public employees retirement association.

(b) The exclusion election under this section must be in writing on a form prescribed by the executive director of the public employees retirement association and filed with the executive director. The exclusion election is irrevocable. Authority to make the coverage exclusion expires on January 1, 2001.

Subd. 2. [ELIGIBILITY FOR MEMBER CONTRIBUTION REFUND.] A person who has less than three years of allowable service in the public employees retirement association and who elects the pension coverage exclusion under subdivision 1 is entitled to immediately apply for a refund under Minnesota Statutes, section 353.34, subdivisions 1 and 2, following the effective date of the exclusion election.

Subd. 3. [DEFERRED ANNUITY ELIGIBILITY.] In lieu of the refund under subdivision 2, a person who elects the pension coverage exclusion under subdivision 1 is entitled to a deferred retirement annuity under Minnesota Statutes, sections 353.34, subdivision 3, and 353.71, subdivision 2, based on any length of allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, to the credit of the person as of the date of the coverage exclusion election.

Sec. 6. [PERA GENERAL AND PERA P&F; PRIOR SERVICE CREDIT PURCHASE.]

Subdivision 1. [ELIGIBILITY.] (a) Except as restricted under subdivision 4, an eligible person described in paragraph (b) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association general plan. Except as restricted under subdivision 4, an eligible person described in paragraph (c) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association police and fire plan.

(b) An eligible person is a person who:

(1) is a full-time salaried employee or permanent part-time salaried employee of the Spring Lake Park Fire Department, Incorporated;

(2) became a member of the public employees retirement association general plan due to that employment on June 1, 1999; and

(3) was employed by the Spring Lake Park Fire Department, Incorporated, during all or part of the period from January 1, 1996, to June 1, 1999.

(c) An eligible person is a person who meets requirements specified in paragraph (b), clauses (1) and (3), and who became a member of the public employees retirement association police and fire plan due to applicable employment with the Spring Lake Park Fire Department, Incorporated, on June 1, 1999.

(d) The period or periods eligible for service credit purchase in the public employees retirement association general plan or public employees retirement association police and fire plan, as applicable, is the period or periods from January 1, 1996, to June 1, 1999, during which an eligible individual described in paragraph (b) or (c), as applicable, provided service to the Spring Lake Park Fire Department, Incorporated, which would have been eligible service for coverage by the applicable public employees retirement association plan if that service had been provided on or after June 1, 1999, rather than before.

Subd. 2. [PAYMENT REQUIREMENTS.] Minnesota Statutes, section 356.55, applies to service credit purchases authorized under this section.

Subd. 3. [DOCUMENTATION; SERVICE CREDIT GRANT.] (a) An eligible person described in subdivision 1, paragraph (b) or (c), must provide any documentation related to

eligibility to make this service credit purchase required by the executive director of the public employees retirement association.

(b) Allowable service credit for the purchase period or periods must be granted in the applicable public employees retirement association plan on behalf of the eligible person upon receipt of the prior service credit purchase payment amount.

Subd. 4. [RESTRICTIONS.] (a) An eligible person as specified in subdivision 1, paragraph (c), is not authorized to purchase service credit in the public employees retirement association police and fire plan under this section if the eligible person, or the eligible person and the Spring Lake Park Fire Department, Incorporated, made contributions on that person's behalf to the social security old age insurance program during all or part of the period from January 1, 1996, to June 1, 1999, and coverage under that program for the applicable period remains in effect.

(b) If paragraph (a) applies to the eligible person, that eligible person may purchase service credit under this section in the public employees retirement association general plan.

(c) If contributions are made by an eligible person specified in paragraph (a) or by that eligible person and the Spring Lake Park Fire Department, Incorporated, or a successor organization, to the social security old age insurance program after June 1, 1999, due to employment for which coverage in the public employees retirement association police and fire plan commenced on June 1, 1999, coverage by the public employees retirement association police and fire plan terminates and coverage by the public employees retirement association general plan commences, if the employment otherwise meets requirements in law for that coverage. If public employees retirement association police and fire plan contributions have been received on or after June 1, 1999, for any periods where contributions were also made to the social security old age insurance program as specified in this paragraph, the contributions to the public employees retirement association police and fire plan for the applicable period or periods on or after June 1, 1999, must be treated as contributions made in error under Minnesota Statutes, section 353.27, subdivision 7a.

Sec. 7. [EFFECTIVE DATE.]

(a) Sections 2 and 3 are effective on July 1, 2000.

(b) Section 6 is effective on the day following final enactment.

(c) Sections 1, 4, and 5 are effective for electrical workers, plumbers, and associated trades personnel employed by independent school district No. 625, St. Paul, on the day following approval by majority vote of the board of independent school district No. 625, St. Paul, and compliance with Minnesota Statutes, section 645.021.

(d) Sections 1, 4, and 5 are effective for electrical workers, plumbers, and associated trades personnel employed by the city of St. Paul on the day following approval by majority vote of the St. Paul city council and compliance with Minnesota Statutes, section 645.021.

ARTICLE 8

PENSION COVERAGE UPON EMPLOYMENT PRIVATIZATION

Section 1. Minnesota Statutes 1999 Supplement, section 353F.02, subdivision 5, is amended to read:

Subd. 5. [OTHER PUBLIC EMPLOYING UNIT.] "Other public employing unit" means:

(1) Metro II, a joint powers organization formed under section 471.59; and

(2) the St. Paul civic center authority.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the first day of the month next following certification by the executive

director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized St. Paul civic center authority employees under this article does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the St. Paul civic center authority.

ARTICLE 9

FORMER LOCAL POLICE AND FIRE CONSOLIDATION ACCOUNT MODIFICATIONS AND CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. [ADDITIONAL AMORTIZATION STATE AID.] (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighter relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) ~~the public employees police and fire fund on behalf of municipalities that received amortization aid in 1999 and~~ are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis of:

(1) ~~64.5 percent to the public employees police and fire fund or local consolidation account, whichever applies, on behalf of municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;~~

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis police relief association or the Minneapolis fire department relief association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia fire department relief association.

~~In the event that~~ If there is no unfunded actuarial accrued liability in both the Minneapolis police relief association and the Minneapolis fire department relief association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the

~~Minneapolis teachers retirement fund association, provided that, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. If there is no unfunded actuarial accrued liability in the Virginia fire department relief association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, annually, beginning on July 1, 2005, if a the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of a that composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3. In the event there is no actuarial accrued unfunded liability in the Virginia fire department relief association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3.~~

~~(d) Additional amortization state aid payable to the public employees retirement association on behalf of a municipality must be credited by the executive director of the public employees retirement association against any additional municipal contribution to which the applicable municipality is obligated to make under section 353A.09, subdivision 5, or under section 353.665, subdivision 8.~~

~~(e) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.~~

Sec. 2. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 4, is amended to read:

Subd. 4. [LIMIT ON CERTAIN TOTAL AID AMOUNTS.] (a) The total of amortization aid, supplemental amortization aid, and additional amortization aid under this section payable to ~~the~~ executive director of the public employees retirement association on behalf of a municipality to

which section 353.665, subdivision 8, paragraph (b), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b).

(b) Any aid amount in excess of the limit under this subdivision for an individual municipality must be redistributed to the other municipalities to which section 353.665, subdivision 8, paragraph (b), applies. The excess aid must be distributed in proportion to each municipality's additional municipal contribution under section 353.665, subdivision 8, paragraph (b).

(c) When the total aid for each municipality under this section equals the limit under paragraph (a), any aid in excess of the limit must be redistributed under ~~subdivisions 1, 1a, and~~ subdivision 1b.

Sec. 3. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 5, is amended to read:

Subd. 5. [TERMINATION OF STATE AID PROGRAMS.] The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the Minneapolis teachers retirement fund association equal the actuarial accrued liability of that plan and when the assets of the St. Paul teachers retirement fund association equal the actuarial accrued liability of that plan or December 31, 2009, whichever is later.

Sec. 4. [PUBLIC EMPLOYEES POLICE AND FIRE PLAN; ONE-TIME SPECIAL OPTIONAL ANNUITY ELECTION FOR CERTAIN FORMER CONSOLIDATION ACCOUNT RETIREES.]

Subdivision 1. [ELIGIBILITY.] An individual who was a deferred annuitant, a service pension annuitant, or who was receiving disability benefits from the relief association on the effective date of the consolidation of the applicable local police or paid firefighter relief association, and who chose annual adjustments applicable to the public employees retirement association police and fire plan in elections provided under Minnesota Statutes, section 353A.08, subdivision 1 or 2, or 353.615, subdivisions 5 and 6, may elect an optional annuity form under subdivision 2 to provide additional payments to a surviving spouse.

Subd. 2. [OPTIONAL ANNUITIES.] The optional annuity form may be either a 15 percent or a 25 percent joint and survivor annuity and is without reinstatement in the event of the surviving spouse predeceasing the member. The optional annuity forms must be actuarially equivalent to the service pension currently paid to the retired consolidated member without consideration of the value of survivor benefits payable under Minnesota Statutes, section 353B.11, and must be based upon the age of the member and the age of the spouse of the member as of October 1, 2000.

Subd. 3. [ADDITIONAL SURVIVOR BENEFIT.] An optional annuity under subdivision 2 is payable in addition to any applicable survivor benefit payable under Minnesota Statutes, section 353.11. An optional annuity under subdivision 2 when combined with applicable survivor benefits under Minnesota Statutes, section 353.11, must not exceed the benefit payable to the deceased service or disability pensioner immediately prior to death.

Subd. 4. [ELECTION.] (a) To be valid, an optional annuity form under subdivision 2 must be elected in writing on a form prescribed by the executive director of the public employees retirement association and signed by the eligible service pensioner or disabilitant before October 1, 2000. Once selected, the optional annuity is irrevocable.

(b) The executive director of the public employees retirement association shall provide counseling to members regarding the election of an optional annuity form under this section, including the impact on current benefit levels payable if an option annuity form is elected.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

ARTICLE 10
PERA LOCAL CORRECTIONAL RETIREMENT
PLAN MODIFICATIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353E.02, is amended to read:

353E.02 [CORRECTIONAL SERVICE EMPLOYEES RETIREMENT PLAN MEMBERSHIP.]

Subdivision 1. [RETIREMENT COVERAGE.] Local government correctional service employees are members of the local government correctional service retirement plan established by this chapter.

Subd. 2. [LOCAL GOVERNMENT CORRECTIONAL SERVICE EMPLOYEE.] (a) A local government correctional service employee, for purposes of subdivision 1, is a person who whom the employer certifies:

(1) is employed in a county-administered jail or correctional facility or in a regional correctional facility administered by multiple counties county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers;

(2) spends at least 95 percent of the employee's working time in direct contact with persons confined in the jail or facility, as certified in writing, in advance, by the employer to the executive director of the association is directly responsible for the direct security, custody, and control of the county correctional institution and its inmates;

(3) is expected to respond to incidents within the county correctional institution as part of the person's regular employment duties and is trained to do so; and

(3) (4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire fund.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

(c) A person who was a member of the local government correctional service retirement plan on the day before the effective date of this section remains a member of the plan after the effective date of this section for the duration of the person's employment in that county correctional institution position, even if the person's service in this position does not meet the requirements set forth in paragraph (a).

Subd. 3. [COUNTY CORRECTIONAL INSTITUTION.] A county correctional institution is:

(1) a jail administered by a county;

(2) a correctional facility administered by a county; or

(3) a regional correctional facility administered by or on behalf of multiple counties.

Sec. 2. Minnesota Statutes 1999 Supplement, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A local government correctional service employee shall make an employee contribution in an amount equal to ~~5.83~~ 6.01 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a local government correctional service employee an amount equal to ~~8.75~~ 9.02 percent of salary.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment. Section 2 is effective on the first day of the first full pay period beginning after January 1, 2002.

ARTICLE 11

TEACHER RETIREMENT AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 122A.46, subdivision 1, is amended to read:

Subdivision 1. [TEACHERS DEFINED.] As used in this section, the term "teachers" shall have the meaning given it in section 122A.15, subdivision 1. The term "teachers" shall also include any teacher in the classifications included in the professional state residential instructional unit, pursuant to section 179A.10, subdivision 2, clause (16).

Sec. 2. Minnesota Statutes 1998, section 122A.46, is amended by adding a subdivision to read:

Subd. 1a. [APPOINTING AUTHORITY.] For purposes of teachers included in the professional state residential instructional unit, the term "school board" shall include the appointing authority as defined in section 43A.02, subdivision 5.

Sec. 3. Minnesota Statutes 1999 Supplement, section 354.536, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for non-profit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 4. Minnesota Statutes 1999 Supplement, section 354A.101, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for non-profit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 5. [354A.051] [MTRFA COVERAGE FOR UNION BUSINESS AGENTS.]

Subdivision 1. [AUTHORIZATION.] A member of the Minneapolis teachers retirement fund association on a leave of absence from a teaching position with special school district No. 1, and who is employed by an employee organization representing Minneapolis teacher retirement fund association active members, may elect under subdivision 2 to be a member of the coordinated program of the association for service with that employee organization, subject to the limitations specified in subdivisions 3, 4, and 5.

Subd. 2. [ELECTION.] Except as indicated in subdivision 3, a person described in subdivision 1 must be covered by the Minneapolis teachers retirement fund association coordinated program for employment with the employer organization if the person files a written election to be covered with the executive director of the teachers retirement fund association within 90 days of first being employed by the employee organization, or within 90 days of the start of the first leave of absence due to service as an employee organization business agent, whichever is later.

Subd. 3. [WAIVER OF LEAVE COVERAGE.] Coverage under this section does not apply to any leave period or portion of a leave period for which a person has received service credit or is eligible to receive service credit for the leave period under any leave of absence provision in chapter 354A, any other applicable law, or bylaws or articles of incorporation of the association. The person may waive eligibility to receive service credit under a leave of absence provision and be covered by this section for the applicable period by filing a waiver with the executive director within 90 days of the start of the leave.

Subd. 4. [COVERED SALARY LIMITATION.] The covered salary for an employee of the employee organization covered by the coordinated program of the Minneapolis teachers retirement fund association under this section is limited to the lesser of:

(1) the person's actual salary from the employee organization as defined in section 354A.011, subdivision 24; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

The limited covered salary determined under this paragraph must be used in determining member, employer, and employer additional contributions under section 354A.12, and in determining annuities and other benefits under sections 354A.30 to 354A.41 and chapter 356.

Subd. 5. [ANNUITY RECEIPT REQUIREMENTS.] A retirement annuity is only payable from the coordinated program of the Minneapolis teachers retirement fund association to a person described in subdivision 1 if the person has met all applicable requirements, including the termination by the person from employment by the employee organization and by the school district. The reemployed annuitant earnings limitation in section 354A.31, subdivision 3, applies if the person retires and is subsequently reemployed while an annuitant by the employee organization or by any other entity employing persons who are members of the applicable teachers retirement fund association by virtue of that employment.

Subd. 6. [CONTRIBUTION REQUIREMENTS.] The member, employer, and employer additional contributions required by section 354A.12 are the obligation of the person who elects coverage by the coordinated program of the Minneapolis teachers retirement fund association, but the employee organization may pay the employer and employer additional contributions. Contributions made by the person must be made by salary deduction. Contributions made by the employee organization must be made as provided in section 354A.12.

Subd. 7. [BOARD INELIGIBILITY.] A person employed by an employee organization who retains active membership in the applicable teachers retirement fund association is not eligible for election to the board of trustees of the applicable teachers retirement fund association.

Sec. 6. [ELECTION OF COVERAGE BY EMPLOYEE OF EMPLOYEE ORGANIZATION REPRESENTING MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION ACTIVE MEMBERS.]

Subdivision 1. [ELIGIBILITY ELECTION.] Notwithstanding election date requirements in section 5, subdivision 2, a person who is currently employed as a business agent by an employee organization representing Minneapolis teachers retirement fund association active members and who has been on a mobility leave or leaves from special school district no. 1 since March 23, 1998, may make a written election to be covered under section 5. To be valid, that written election must be on a form specified by the executive director of the Minneapolis teachers retirement fund association and be filed with the executive director within 90 days following the effective date of this section.

Subd. 2. [PAYMENT REQUIREMENTS.] If a valid election is made under subdivision 1, an eligible individual under subdivision 1 is required to pay, in a lump sum within 90 days of the effective date of this section, any additional employee, employer, and employer additional contributions based on the eligible individual's salary and employment with the employee

organization, as required by the election, compared to amounts previously paid or payable. These amounts are in addition to any amounts previously payable. The additional contribution requirements are to be computed from March 23, 1998, to the date payroll deductions are first made on the high contribution requirements. The lump sum payment under this subdivision must include 8.5 percent annual interest. The amounts required under this subdivision are the obligation of the eligible individual, but the employee organization may pay the additional employer and employer additional amounts with applicable interest.

Subd. 3. [SALARY CREDIT GRANT.] The additional salary credit is to be granted to the account of the eligible individual upon payment of amounts required under the section.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective on the day following final enactment.

ARTICLE 12

MNSCU PENSION COVERAGE AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 136F.45, subdivision 1a, is amended to read:

Subd. 1a. [SUBSEQUENT VENDOR CONTRACTS.] (a) The board may limit the number of vendors under subdivision 1.

(b) In addition to any other tax-sheltered annuity program investment options, the board may offer as an investment option the Minnesota supplemental investment fund administered by the state board of investment under section 11A.17.

(c) For the tax-sheltered annuity program vendor contracts ~~to be executed for the period beginning~~ after July 1, 2000, the board shall actively solicit participation of and shall include as vendors lower expense and "no-load" mutual funds or equivalent investment products as those terms are defined by the federal securities and exchange commission. To the extent possible, in addition to a range of insurance annuity contract providers and other mutual fund provider arrangements, the board must assure that no less than five insurance annuity providers and no less than one nor more than three lower expense and "no-load" mutual funds or equivalent investment products will be made available for direct-access by employee participants. To the extent that offering a lower expense "no-load" product increases the total necessary and reasonable expenses of the program and if the board is unable to negotiate a rebate of fees from the mutual fund or equivalent investment product providers, the board may charge the participants utilizing the lower expense "no-load" mutual fund products a fee to cover those expenses. The participant fee may not exceed one percent of the participant's annual contributions or \$20 per participant per year, whichever is greater. Any excess fee revenue generated under this subdivision must be reimbursed to participant accounts in the manner provided in subdivision 3a.

Sec. 2. [354.539] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538.

(b) At the request of a member, if determined by the executive director to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the teachers retirement association. Upon receipt of the full prior service credit purchase payment amount, the teachers retirement association shall grant the requested allowable and formula service credit.

Sec. 3. [354A.106] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104.

(b) At the request of a member, if determined by the executive director of the applicable teachers retirement fund association to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the applicable teachers retirement fund association. Upon receipt of the full prior service credit purchase payment amount, the applicable teachers retirement fund association shall grant the requested allowable and formula service credit.

Sec. 4. Minnesota Statutes 1998, section 354B.23, subdivision 5a, is amended to read:

Subd. 5a. [EXCESS CONTRIBUTIONS.] (a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, the excess employee contributions must be returned to the employee and to the excess employer in the same proportions as the contributions were made contributions must be reallocated in accordance with section 415 of the Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

(b) When an employer contribution required under section 354B.24 due to a sabbatical leave is made after completion of the leave or an employer contribution is made due to omitted deductions under subdivision 5, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.

Sec. 5. Minnesota Statutes 1998, section 354C.12, subdivision 1a, is amended to read:

Subd. 1a. [EXCESS CONTRIBUTIONS.] (a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, one-half of the excess contributions must be returned to the excess employee contributions must be returned to the employee and one-half to the excess employer contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

(b) When an employer contribution is made due to omitted deductions under subdivision 2, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.

Sec. 6. Minnesota Statutes 1998, section 354C.165, is amended to read:

354C.165 [PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.]

(a) Except as provided in paragraph (c), no participant may obtain a loan from the plan or obtain any distribution from the plan at a time before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.6111.

(c) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the supplemental retirement plan may request, in writing, a transfer of all or a portion of the funds accumulated in the person's supplemental plan account to the teachers retirement association to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538 or to the teachers retirement fund association to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104. Upon receipt of a valid request, the board shall execute the transfer. The transfer must be a

fund-to-fund transfer, and in no event shall the participant directly receive any of the funds while still employed by the board. In no event may the board transfer more than the participant's account balance. The board, in cooperation with the teachers retirement association, shall develop the forms for requesting a transfer and the procedures for executing the requested transfers.

Sec. 7. Minnesota Statutes 1999 Supplement, 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 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 state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if 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, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, 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

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if 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 ~~\$2,000~~ \$2,700 a year for each employee.

Sec. 8. Minnesota Statutes 1998, section 356A.01, subdivision 8, is amended to read:

Subd. 8. [COVERED PENSION PLAN.] "Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or section 356.30, subdivision 3, or a plan established under chapter 353D, 354B, 354C, or 354D.

Sec. 9. Minnesota Statutes 1998, section 356A.02, is amended to read:

356A.02 [FIDUCIARY STATUS AND ACTIVITIES.]

Subdivision 1. [FIDUCIARY STATUS.] For purposes of this chapter, the following persons are fiduciaries:

(1) any member of the governing board of a covered pension plan;

(2) the chief administrative officer of a covered pension plan or of the state board of investment;

(3) any member of the state board of investment; ~~and~~

(4) any member of the investment advisory council; and

(5) any member of the advisory committee established under section 354B.25.

Subd. 2. [FIDUCIARY ACTIVITY.] The activities of a fiduciary identified in subdivision 1 that must be carried out in accordance with the requirements of section 356A.04 include, but are not limited to:

(1) the investment and reinvestment of plan assets;

(2) the determination of benefits;

(3) the determination of eligibility for membership or benefits;

(4) the determination of the amount or duration of benefits;

(5) the determination of funding requirements or the amounts of contributions;

(6) the maintenance of membership or financial records; ~~and~~

(7) the expenditure of plan assets; and

(8) the selection of financial institutions and investment products.

Sec. 10. Minnesota Statutes 1998, section 356A.06, is amended by adding a subdivision to read:

Subd. 10. [DEFINED CONTRIBUTION PLANS; APPLICATION.] (a) To the extent that a plan governed by chapter 352D, 353D, 354B, 354C, or 354D permits a participant or beneficiary to select among investment products for the person's account and the participant or beneficiary exercises that investment self-direction, no fiduciary is liable for any loss which may result from the participant's or beneficiary's exercise of that investment self-direction.

(b) Subdivisions 1, 2, 6, 8, and 8a do not apply to plans governed by chapter 354B or 354C.

Sec. 11. [VENDOR CONTRACT EXTENSION OPTION.]

Notwithstanding Minnesota Statutes, section 136F.45, subdivision 1a, paragraph (c), the board of trustees of the Minnesota state colleges and universities may, with the agreement of the parties involved, extend the vendor contracts in effect immediately before July 1, 2000, with any revisions that are mutually agreeable to the parties, for up to an additional two years duration.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on the day following final enactment.

(b) Sections 2, 3, and 6, paragraph (c), expire on May 16, 2002.

ARTICLE 13

EMPLOYER MATCHING CONTRIBUTION

TAX SHELTERED ANNUITY CHANGES

Section 1. Minnesota Statutes 1999 Supplement, 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 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 state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if 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, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the ~~premium on a tax-sheltered annuity contract~~ qualified contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, 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

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if 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 \$2,000 a year for each employee.

Sec. 2. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1b, is amended to read:

~~Subd. 1b. [VENDOR RESTRICTIONS.] A personnel policy for unrepresented employees or a collective bargaining agreement~~ A school board may establish limits on the number of vendors ~~under subdivision 1~~ that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 3. Minnesota Statutes 1998, section 356.24, is amended by adding a subdivision to read:

Subd. 1c. [STATE BOARD OF INVESTMENT REVIEW.] Any insurance company, mutual fund company, or similar company providing investments eligible under section 403(b) of the Internal Revenue Code and eligible to receive employer contributions under this section may request the state board of investment, in conjunction with the department of commerce, to review the financial standing of the company, the competitiveness of its investment options and returns, and the level of all charges and fees impacting those returns. The state board of investment shall establish standards, policies, and procedures under section 11A.04, clause (2), to implement this subdivision. The state board of investment may establish a fee for each review. The state board of investment must maintain and have available a list of all reviewed companies which meet the established standards.

Sec. 4. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1a, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

ARTICLE 14

RETIREMENT GENERALLY

Section 1. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.61, is repealed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective retroactively to July 1, 1999.

ARTICLE 15

VOLUNTEER FIREFIGHTER RELIEF

ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF FIRE STATE AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.] (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters' relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state aid allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighter relief associations based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar

year 1993 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association did not exist in is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the office of the state auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination.

(e) The fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 2. [69.041] [SHORTFALL FROM GENERAL FUND.]

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under section 69.77, sections 69.771 to 69.775, or section 353A.09, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 60A.15, subdivision 1, paragraph (e), clauses (1) to (3), the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

Sec. 3. Minnesota Statutes 1998, section 69.773, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] (a) This section ~~shall apply~~ applies to any firefighters' relief association specified in section 69.771, subdivision 1, which pays or allows for an option of a monthly service pension to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighters' relief association to which this section applies shall determine the actuarial condition and funding costs of the special fund of the relief association in accordance with subdivisions 2 and 3, the financial requirements of the special fund of the relief association in accordance with subdivision 4 and the minimum obligation of the municipality with respect to the special fund of the relief association in accordance with subdivision 5.

(b) If a firefighters relief association that previously provided a monthly benefit service pension discontinues that practice and either replaces the monthly benefit amount with a lump sum benefit amount consistent with section 424A.02, subdivision 3, or purchases an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in this state, the actuarial condition and funding costs, financial, and minimum municipal obligation requirements of section 69.772 apply rather than this section.

Sec. 4. Minnesota Statutes 1998, section 356A.06, subdivision 4, is amended to read:

Subd. 4. [ECONOMIC INTEREST STATEMENT.] (a) Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest.

(b) For a covered pension plan other than a plan specified in paragraph (c), the statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

(c) For a covered pension plan governed by sections 69.771 to 69.776 or a covered pension plan governed by section 69.77 with assets under \$8,000,000, the statement must contain the following:

(1) the person's principal occupation and principal place of business;

(2) whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and

(3) any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest.

(d) The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan.

(e) A disclosure form meeting the requirements of the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and filed with the state board of investment or the pension plan meets the requirements of this subdivision.

~~(f) The chief administrative officer of each covered pension plan, by January 15, annually, shall transmit a copy of all statements of economic interest received by the plan under this subdivision during the preceding 12 months to the campaign finance and public disclosure board.~~

Sec. 5. Minnesota Statutes 1998, section 424A.001, subdivision 9, is amended to read:

Subd. 9. [SEPARATE FROM ACTIVE SERVICE.] "Separate from active service" means to permanently cease to perform fire suppression duties with a particular volunteer fire department, to permanently cease to perform fire prevention duties, to permanently cease to supervise fire suppression duties, and to permanently cease to supervise fire prevention duties.

Sec. 6. Minnesota Statutes 1998, section 424A.02, subdivision 3, is amended to read:

Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) On or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to section 69.772, subdivision 4, or 69.773, subdivision 5, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

(b) The maximum service pension which the relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of	Maximum Service Pension
---------------------------	-------------------------

Available Financing per Firefighter	Amount Payable per Month for Each Year of Service
\$...	\$.25
42	.50
84	1.00
126	1.50
168	2.00
209	2.50
252	3.00
294	3.50
335	4.00
378	4.50
420	5.00
503	6.00
587	7.00
672	8.00
755	9.00
839	10.00
923	11.00
1007	12.00
1090	13.00
1175	14.00
1259	15.00
1342	16.00
1427	17.00
1510	18.00
1594	19.00
1677	20.00
1762	21.00
1845	22.00
1888	22.50
1929	23.00
2014	24.00
2098	25.00
2183	26.00
2267	27.00
2351	28.00
2436	29.00
2520	30.00
2604	31.00
2689	32.00
2773	33.00
2857	34.00
2942	35.00
3026	36.00
3110	37.00
3963	38.00
4047	39.00
4137	40.00
any amount more than 4137	40.00
<u>Effective beginning December 31, 2000:</u>	
<u>4227</u>	<u>41.00</u>

<u>4317</u>	<u>42.00</u>
<u>4407</u>	<u>43.00</u>
<u>4497</u>	<u>44.00</u>
<u>Effective beginning December 31, 2001:</u>	
<u>4587</u>	<u>45.00</u>
<u>4677</u>	<u>46.00</u>
<u>4767</u>	<u>47.00</u>
<u>4857</u>	<u>48.00</u>
<u>Effective beginning December 31, 2002:</u>	
<u>4947</u>	<u>49.00</u>
<u>5037</u>	<u>50.00</u>
<u>5127</u>	<u>51.00</u>
<u>5217</u>	<u>52.00</u>
<u>Effective beginning December 31, 2003:</u>	
<u>5307</u>	<u>53.00</u>
<u>5397</u>	<u>54.00</u>
<u>5487</u>	<u>55.00</u>
<u>5577</u>	<u>56.00</u>

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service
\$..	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440

259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800

2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
any amount more than 2967	5500

Effective beginning December 31, 2000:

<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>

Effective beginning December 31, 2001:

<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>

Effective beginning December 31, 2002:

<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>

Effective beginning December 31, 2003:

<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>

(e) For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

(g) No relief association is authorized to provide a service pension in an amount greater than \$40 per month per year of service credit or in an amount greater than \$5,500 lump sum per year of service credit even if the minimum average amount of available financing per firefighter for a relief association providing a monthly benefit service pension is greater than \$4,137, or, for a relief association providing a lump sum service pension, is greater than \$2,967. No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.

Sec. 7. Minnesota Statutes 1998, section 424A.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED SERVICE PENSIONS.] (a) A member of a relief association to which this section applies is entitled to a deferred service pension if the member:

(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least five years of active membership in the relief association; and

(3) separates from active service and membership before reaching age 50 or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than age 50.

(b) The deferred service pension starts when the former member reaches age 50 or 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 relief association that provides a lump sum service pension 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 at the rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association, but not to exceed the interest rate specified in section 356.215, subdivision 4d, and must be in a separate account established and maintained by the relief association or in a separate investment vehicle held by the relief association or, if not, at the interest rate of five percent, compounded annually based on calendar year balances.

(d) 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 firefighter 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.

(e) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, ~~or~~ and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

Sec. 8. Minnesota Statutes 1998, section 424A.02, subdivision 9, is amended to read:

Subd. 9. [LIMITATION ON ANCILLARY BENEFITS.] Any relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(a) (1) With respect to a relief association in which governing bylaws provide for a lump sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (4) (i) terminates

active service with the fire department and active membership in the relief association; and ~~(2)~~ (ii) commences receipt of a service pension as authorized ~~pursuant to~~ under this section; and

~~(b)(2)~~ (b)(2) With respect to any relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension shall ~~must~~ be calculated using the service pension amount specified in the bylaws of the relief association and the years of service credited to the member or former member. The years of service shall ~~must~~ be determined as of ~~(1)~~ (i) the date the member or former member became entitled to the ancillary benefit; or ~~(2)~~ (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit shall ~~must~~ be calculated ~~(1)~~ (i) without regard to whether the member or former member had attained the minimum amount of service and membership credit specified in the governing bylaws; and ~~(2)~~ (ii) without regard to the percentage amounts specified in subdivision 2; except that the bylaws of any relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

Sec. 9. Minnesota Statutes 1998, section 424A.02, is amended by adding a subdivision to read:

Subd. 9b. [REPAYMENT OF SERVICE PENSION IN CERTAIN INSTANCES.] If a retired volunteer firefighter does not permanently separate from active firefighting service as required by section 424A.001, subdivision 9, and subdivision 1, by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person shall repay any previously received service pension.

Sec. 10. Minnesota Statutes 1998, section 424A.02, subdivision 13, is amended to read:

Subd. 13. [COMBINED SERVICE PENSIONS.] (a) If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have total service credit of ten years or more, if every affected relief association does not require only a five-year service vesting requirement, or five years or more, if every affected relief association requires only a five-year service vesting requirement, as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which. The member has ~~must~~ have one year or more of service credit in each relief association. The prorated service pension ~~must~~ be based on 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. To receive a 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 notice must be attested to by the second or subsequent association secretary.

Sec. 11. Minnesota Statutes 1998, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) Every relief association directly associated with a municipal fire department shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall 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 may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees

shall be the mayor, the clerk, clerk-treasurer or finance director, and the chief of the municipal fire department.

(b) Every relief association that is a subsidiary of an independent nonprofit firefighting corporation shall be managed by a board of trustees consisting of ten members. Six trustees shall be elected from the membership of the relief association, three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee shall be the fire chief. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees who are the elected officials shall be selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the ex officio trustees shall be three elected officials of the contracting municipality who are designated by the governing body of the municipality;

(2) if two municipalities contract with the independent nonprofit firefighting corporation, the ex officio trustees shall be two elected officials of the largest municipality in population and one elected official of the next largest municipality in population who are designated by the governing bodies of the applicable municipalities; or

(3) if three or more municipalities contract with the independent nonprofit corporation, the ex officio trustees shall be one elected official of each of the three largest municipalities in population who are designated by the governing bodies of the applicable municipalities.

(c) If a relief association lacks the ex-officio board members provided for in paragraph (a) or (b) because the fire department is not located in or associated with an organized municipality, the ex-officio board members must be appointed from the fire department service area by the board of commissioners of the applicable county. The term of these appointed ex-officio board members is three years or until the person's successor is qualified, whichever is later.

(d) An ex officio trustee under paragraph (a), (b), or (c) shall have all the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees.

(e) A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall 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 shall be specified in the bylaws of the relief association, but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

Sec. 12. Minnesota Statutes 1998, section 424A.05, subdivision 3, is amended to read:

Subd. 3. [AUTHORIZED DISBURSEMENTS FROM THE SPECIAL FUND.] (a) Disbursements from the special fund shall are not permitted to be made for any purpose other than one of the following:

(1) For the payment of service pensions to retired members of the relief association if authorized and paid pursuant to law and the bylaws governing the relief association;

(2) For the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(3) For the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries, of deceased members of the relief association if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(4) For the payment of any funeral benefits to the surviving spouse, or if no surviving spouse,

the estate, of the deceased member of the relief association if authorized by law and specified in amount in the bylaws governing the relief association;

(5) For the payment of the fees, dues and assessments to the Minnesota state fire department association and, to the Minnesota area relief association coalition, and to the state volunteer firefighters' benefit association in order to entitle relief association members to membership in and the benefits of these state associations or organizations; and

(6) For the payment of administrative expenses of the relief association as authorized pursuant to section 69.80.

(b) For purposes of this chapter, a designated beneficiary must be a natural person.

Sec. 13. [VOLUNTEER FIREFIGHTERS LUMP SUM SERVICE BENEFITS.]

Subdivision 1. [APPLICATION.] This section applies to a surviving spouse of a person who:

(1) was born on August 18, 1941;

(2) was employed as a building inspector by the city of St. Paul;

(3) died during the course of his employment duties as a building inspector on December 24, 1997;

(4) began service as a volunteer firefighter for the Woodbury fire department in 1980 and continued that service up to the time of his death; and

(5) would have been eligible to retire as a volunteer firefighter and receive a lump sum service pension calculated at the rate of \$4,000 for each year of service on January 1, 1998.

Subd. 2. [ELIGIBILITY FOR BENEFIT.] Notwithstanding any law to the contrary, the eligible person described in subdivision 1 is entitled to receive a survivor benefit from the Woodbury fire department relief association benefit plan calculated at the rate that would have been in effect had the person described in subdivision 1 lived until January 1, 1998.

Subd. 3. [RESTRICTIONS.] This section does not authorize payment of more than a single survivor benefit to the eligible individual specified in subdivision 1. If a survivor benefit has been paid to the eligible individual by the Woodbury fire department relief association, this section authorizes payment to the eligible individual of the difference between the amount previously paid and the amount payable under the Woodbury fire department relief association benefit plan in effect on January 1, 1998, assuming the volunteer firefighter survived and provided service to that date.

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1 to 6 and 8 to 12 are effective on the day following final enactment.

(b) Section 7 is effective on the day following final enactment and, with the appropriate bylaw amendment and municipal approval, applies to deferred service pensions where deferral began before the effective date of the municipal approval.

(c) For a deferred service pension under section 7 that is invested in a separate account or separate investment vehicle, interest is payable up to the date of the transfer consistent with the law and bylaw provisions in effect when the firefighter terminated active firefighting service and actual investment performance thereafter.

(d) Section 13 is effective on the day after the date on which the Woodbury city council and the chief clerical officer of the city of Woodbury complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 16

DISSOLUTIONS AND CONSOLIDATIONS

OF VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. [424B.01] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] Unless the context of the provision indicates that a different meaning is intended, each of the terms in the following subdivision has the meaning indicated.

Subd. 2. [APPLICABLE MUNICIPALITY.] "Applicable municipality" means the municipality or municipalities in which a consolidating relief association is located and to which a consolidating relief association is associated by virtue of the presence of at least one municipal official on the relief association board of trustees under section 424A.04.

Subd. 3. [CONSOLIDATING RELIEF ASSOCIATION.] "Consolidating relief association" means a volunteer firefighter relief association organized under chapter 317A and governed by chapter 424A that has initiated or has completed the process of consolidating with one or more other relief associations under this chapter.

Subd. 4. [PRIOR RELIEF ASSOCIATIONS.] "Prior relief associations" means the two or more volunteer firefighter relief associations that have initiated the consolidation process under this chapter by action of the board of trustees of the relief association.

Subd. 5. [RELIEF ASSOCIATION MEMBERSHIP.] "Relief association membership" means all active members of the volunteer firefighter relief association, all deferred retirees and other vested inactive members of the volunteer firefighter relief association, and any persons regularly receiving a service pension or other retirement benefit from the volunteer firefighters relief association.

Subd. 6. [SUBSEQUENT RELIEF ASSOCIATION.] "Subsequent relief association" means the volunteer firefighters relief association that is designated to be the successor relief association in the consolidation initiative resolutions of the board of trustees of the prior relief associations or the volunteer firefighters relief association organized under chapters 317A and 424A for the purpose of operating as the successor relief association after consolidation under this chapter.

Sec. 2. [424B.02] [CONSOLIDATION AUTHORIZED.]

Subdivision 1. [INITIATION.] (a) With the approval of the governing body of each applicable municipality, two or more relief associations associated with fire departments serving contiguous fire districts may initiate the consolidation of the relief associations into a subsequent relief association.

(b) Initiation of a consolidation action must occur through the proposal of a consolidation resolution to the board of trustees of each volunteer firefighter relief association notification of the relief association membership of the potential consolidation and after conducting a public meeting on the consolidation question.

Subd. 2. [INITIATIVE PROCESSING; FILING.] (a) After a consolidation initiative resolution has been filed with the relief association board of trustees by one or more members of the board, the relief association secretary shall provide written notification of the initiative to the relief association membership. After notification of the relief association membership, the board of trustees must hold a public hearing on the initiative. After the hearing, the board of trustees shall act on the consolidation resolution.

(b) If the consolidation resolution is adopted by majority vote of the board of trustees, the secretary shall file a copy of the resolution with the other relief association or associations also considering consolidation.

(c) If two or more volunteer firefighter relief associations adopt a consolidation resolution, those relief associations are consolidated effective the next following January 1.

(d) Within 30 days of the adoption of the consolidation resolution by all prior relief associations, the secretaries of the applicable prior relief associations shall jointly notify in writing the state auditor, the commissioner of revenue, and the secretary of state of the consolidation.

Sec. 3. [424B.03] [SUBSEQUENT RELIEF ASSOCIATION.]

Subdivision 1. [NEW RELIEF ASSOCIATION.] If the subsequent relief association is a new volunteer firefighter relief association, the consolidated volunteer firefighters relief association must be incorporated under chapter 317A. The incorporators of the consolidated relief association must include at least one board member of each of the former volunteer firefighters relief associations.

Subd. 2. [SUCCESSOR RELIEF ASSOCIATION.] If the subsequent relief association is one of the prior relief associations, the articles of incorporation and bylaws must be appropriately revised, effective on the consolidation effective date, and a revised board of trustees must be elected before the consolidation effective date.

Sec. 4. [424B.04] [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [BOARD OF TRUSTEES.] The consolidated volunteer firefighters relief association is governed by a board of trustees as provided in section 424A.04, subdivision 1.

Subd. 2. [COMPOSITION OF BOARD.] The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters relief association must elect the three officers from the board members. A board of trustees member may not hold more than one officer position at the same time.

Subd. 3. [BOARD ADMINISTRATION.] The board of trustees must administer the affairs of the relief association consistent with this chapter and the applicable provisions of chapters 69, 356A, and 424A.

Sec. 5. [424B.05] [SPECIAL AND GENERAL FUNDS.]

The consolidated volunteer firefighters relief association must establish and maintain a special fund and a general fund. The special fund must be established and maintained as provided in section 424A.05. The general fund must be established and maintained as provided in section 424A.06.

Sec. 6. [424B.06] [TRANSFERS.]

Subdivision 1. [GENERALLY.] On the effective date of consolidation, the records, assets, and liabilities of the prior volunteer firefighter relief associations are transferred to the consolidated volunteer firefighters relief association. On the effective date of consolidation, the prior volunteer firefighters relief associations cease to exist as legal entities, except for the purposes of winding up association affairs as provided by this chapter.

Subd. 2. [TRANSFER OF ADMINISTRATION.] On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the subsequent volunteer firefighters relief association.

Subd. 3. [TRANSFER OF RECORDS.] On the effective date of consolidation, the secretary and the treasurer of the prior volunteer firefighters relief associations shall transfer all records and documents relating to the prior relief associations to the secretary and treasurer of the subsequent volunteer firefighters relief association.

Subd. 4. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.] (a) On the effective date of consolidation, the secretary and the treasurer of a prior volunteer firefighters relief association shall transfer the assets of the special fund of the applicable relief association to the special fund of the subsequent relief association. Unless the appropriate secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than cash. The transfer must include any accounts receivable. The appropriate secretary must settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension

liabilities of that special fund become the obligation of the special fund of the subsequent volunteer firefighters relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the subsequent volunteer firefighters 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 prior relief association.

(d) The subsequent volunteer firefighters relief association is the successor in interest in all claims for and against the special funds of the prior volunteer firefighters relief associations or the applicable municipalities with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim against a prior relief association, the municipality in which that relief association is located, or any person connected with the prior relief association or the municipality, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or chapter 356A.

Sec. 7. [424B.07] [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.]

Before the effective date of consolidation, the secretaries of the volunteer firefighters relief associations shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the relief association special fund. Investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Before the effective date of consolidation, the respective relief associations must pay all applicable general fund expenses from their respective general funds. Any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the subsequent volunteer firefighter relief association.

Sec. 8. [424B.08] [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.]

Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the subsequent volunteer firefighters relief association, the prior volunteer firefighter relief associations cease to exist as legal entities for any purpose. The subsequent relief association secretary shall notify the following governmental officials of the termination of the respective volunteer firefighter relief associations and of the establishment of the subsequent volunteer firefighters relief association:

- (1) Minnesota secretary of state;
- (2) Minnesota state auditor;
- (3) Minnesota commissioner of revenue; and
- (4) commissioner of the federal Internal Revenue Service.

Sec. 9. [424B.09] [ADMINISTRATIVE EXPENSES.]

The payment of authorized administrative expenses of the subsequent volunteer firefighters relief association must be from the special fund of the subsequent volunteer firefighters relief association in accordance with section 69.80, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association. The payment of any other expenses of the subsequent volunteer firefighters relief association must be from the general fund of the subsequent volunteer firefighters relief association in accordance with section 69.80, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association.

Sec. 10. [424B.10] [BENEFITS; FUNDING.]

Subdivision 1. [BENEFITS.] (a) Notwithstanding section 424A.02, subdivision 3, to the contrary, the service pension of the subsequent relief association as of the effective date of

consolidation is the highest dollar amount service pension amount of any prior volunteer firefighters relief association in effect immediately before the consolidation initiation if the pension amount was implemented consistent with section 424A.02.

(b) Any increase in the service pension amount beyond the amount implemented under paragraph (a) must conform with the requirements and limitations of sections 69.771 to 69.775 and 424A.02.

Subd. 2. [FUNDING.] (a) Unless the applicable municipalities agree in writing to allocate the minimum municipal obligation in a different manner, the minimum municipal obligation under section 69.772 or 69.773, whichever applies, must be allocated between the applicable municipalities in proportion to their fire state aid.

(b) If any applicable municipality fails to meet its portion of the minimum municipal obligation to the subsequent relief association, all other applicable municipalities are jointly obligated to provide the required funding upon certification by the relief association secretary. An applicable municipality that pays the minimum municipal obligation for another applicable municipality, the municipality may collect the payment amount, plus a 25 percent surcharge, from the responsible applicable municipality by any available means, including deduction from any state aid or payment amount payable to the responsible municipality upon certification of the necessary information to the commissioner of finance.

Sec. 11. [424B.20] [DISSOLUTION WITHOUT CONSOLIDATION.]

Subdivision 1. [APPLICABLE DISSOLUTIONS.] This section applies if the fire department associated with a volunteer firefighter relief association is dissolved or eliminated by action of the governing body of the municipality in which fire department was located or by the independent nonprofit firefighting corporation, whichever applies, and no consolidation with another volunteer firefighter relief association under section 424B.01 to 424B.10 is sought, or if a volunteer firefighter relief association is dissolved or eliminated with municipal approval, but the fire department associated with the volunteer firefighter relief association is not dissolved or eliminated, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is applicable.

Subd. 2. [PROCEDURES.] As part of the dissolution process, all legal obligations of the relief association other than service pensions and benefits must be settled under subdivision 3, a benefit trust must be established under subdivision 4, and the affairs of the relief association must be concluded under subdivision 5.

Subd. 3. [SETTLEMENT OF NONBENEFIT LEGAL OBLIGATIONS.] (a) Prior to the effective date of the dissolution of the volunteer firefighter relief association established by the relief association board of trustees, the board shall determine the following:

- (1) the fair market value of the assets of the special fund;
- (2) the total amount of the accounts payable and other legal obligations of the special fund, excluding the accrued liability of the special fund for service pensions and other benefits; and
- (3) the accrued liability of the special fund for service pensions and other benefits payable or accrued under the applicable bylaws of the relief association and chapter 424A.

(b) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall liquidate sufficient special fund assets to pay the legal obligations of the special fund and must settle those legal obligations.

(c) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall settle the legal obligations of the general fund of the relief association.

Subd. 4. [BENEFIT TRUST FUND ESTABLISHMENT.] (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighter 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. 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 a volunteer firefighter 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 firefighter relief association and their beneficiaries to whom the volunteer firefighter 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 section 69.775 and chapter 356A. 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. If the special fund of the volunteer firefighter relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability.

Subd. 5. [RELIEF ASSOCIATION AFFAIRS WIND-UP.] Upon dissolution, the board of trustees of the volunteer firefighter relief association shall transfer the records of the relief association to the chief administrative officer of the applicable municipality. The board shall also notify the commissioner of revenue, the state auditor, and the secretary of state of the dissolution within 30 days of the effective date of the dissolution.

Sec. 12. [424B.21] [ANNUITY PURCHASES UPON DISSOLUTION.]

The board of trustees of a volunteer firefighter relief association that is scheduled for dissolution may purchase annuity contracts under section 424A.02, subdivision 8a, instead of transferring special fund assets to a municipal trust fund under section 424B.20, subdivision 4. Payment of an annuity for which a contract is purchased may not commence before the retirement age specified in the relief association bylaws and in compliance with section 424A.02, subdivision 1. Legal title to the annuity contract transfers to the municipal trust fund under section 424B.20, subdivision 4.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 424A.02, subdivision 11, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on July 1, 2000.

ARTICLE 17

MINNEAPOLIS POLICE AND FIREFIGHTERS
RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1998, section 423B.01, is amended to read:

423B.01 [MINNEAPOLIS POLICE RELIEF ASSOCIATION; DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 423B.01 to 423B.18, unless the context clearly indicates otherwise, each of the terms defined in this section has the indicated meaning.

Subd. 2. [ACTIVE MEMBER.] "Active member" means a person who was hired and duly appointed by the city of Minneapolis before May 1, 1959, as a police stenographer, police clerk, police telephone operator, police radio operator, or police mechanic or before June 15, 1980, as a police officer, police matron, or assistant police matron, who is regularly entered on the payroll of the police department, and who serves on active duty.

Subd. 3. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 4. [AGE.] "Age" means a person's age at the person's latest birthday.

Subd. 5. [ANNUAL POSTRETIREMENT PAYMENT.] "Annual postretirement payment" means the payment of a lump sum postretirement benefit under section 423B.15 to an eligible member on June 1 following the determination date in any year.

Subd. 6. [ASSOCIATION.] "Association" means the Minneapolis police relief association.

Subd. 7. [CITY.] "City" means the city of Minneapolis.

Subd. 8. [DETERMINATION DATE.] "Determination date" means December 31 of each year.

Subd. 9. [DISABILITY.] "Disability" means a physical or mental incapacity of an active member to perform the duties of the person's position in the service of the police department.

Subd. 10. [DISCHARGE.] "Discharge" means a complete separation from service in the police department.

Subd. 11. [ELIGIBLE MEMBER.] "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date.

Subd. 12. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Subd. 13. [FUND.] "Fund" means the special fund of the relief association.

Subd. 14. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 2 to an eligible member on June 1 following the determination date in the given year.

Subd. 15. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 16. [RETIRED MEMBER.] "Retired member" means a former active member who has terminated active service in the police department and who is entitled to receive a pension or benefit under sections 423B.01 to 423B.18, as amended, or any predecessor law.

Subd. 42 17. [SURVIVING SPOUSE MEMBER.] "Surviving spouse member" means the person who was the legally married spouse of the member, who was residing with the decedent, and who was married while or before the time the decedent was an active member and was on the payroll of the police department, and who, in case the deceased member was a pensioner or deferred pensioner, was legally married to the member at least one year before the decedent's termination of active service with the police department. The term does not include the surviving spouse who has deserted a member or who has not been dependent upon the member for support, nor does it include the surviving common law spouse of a member.

Subd. 43 18. [TIME WEIGHTED TOTAL RATE OF RETURN.] "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 19. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by section 423B.15, subdivision 2, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423B.15, subdivision 2, equals or exceeds 110 percent.

Subd. 44 20. [UNIT.] "Unit" means one-eightieth of the current monthly salary of a first grade patrol officer.

Subd. 45 21. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent" or "actuarially 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 at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Sec. 2. [423B.151] [EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [DETERMINATION OF NET TOTAL EXCESS AMOUNT.] The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this section must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, 356.216, and this act, except to offset the amount distributed.

Subd. 2. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under subdivision 1 is available for excess asset amount payments under subdivision 3.

Subd. 3. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 4, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 2 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 4. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member

dies after the determination date and before the excess asset amount payment commences, the association must pay the eligible member's excess asset amount payment to the eligible member's surviving spouse, if no surviving spouse, to the member's estate.

Subd. 5. [PAYMENT METHOD.] The excess asset amount payments determined under this section commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Subd. 6. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.] No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 3. [423B.19] [CITY OF MINNEAPOLIS; NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding section 69.77, 356.215, 356.216, or any other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 4. [423B.20] [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of section 69.77 or any other law to the contrary, if a total excess asset amount exists, as defined in section 423B.01, subdivision 19, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 5. [423B.21] [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the association indicates an unfunded actuarial accrued liability after the fund has first achieved 100 percent funding, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 6. [MINNEAPOLIS FIRE RELIEF ASSOCIATION; SURVIVOR BENEFIT PAYMENT.]

Subdivision 1. [SURVIVING SPOUSE BENEFIT ELIGIBILITY.] (a) Notwithstanding Laws 1997, chapter 233, article 4, section 12, or other law to the contrary, an eligible individual specified in paragraph (b) is authorized to receive the benefit specified in subdivision 2.

(b) An eligible individual is an individual born on May 27, 1927, who married a Minneapolis fire relief association retiree on January 16, 1993, and who is a surviving spouse due to the death of that retired firefighter on October 2, 1997.

Subd. 2. [BENEFIT.] (a) An eligible individual under subdivision 1, paragraph (b), is entitled to a surviving spouse benefit computed under Laws 1997, chapter 233, article 4, section 12, clause (f).

(b) Benefits payable as a result of the benefit authorized in paragraph (a) commence on the first of the month following the effective date of this section.

Sec. 7. [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] Unless the context clearly indicates otherwise, the following terms have the meaning given in this section.

Subd. 2. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 3. [ASSOCIATION.] "Association" means the Minneapolis firefighter's relief association.

Subd. 4. [CITY.] "City" means the city of Minneapolis.

Subd. 5. [ELIGIBLE MEMBER.] An "eligible member" is a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 6. [FUND.] "Fund" means the association's special 423B.01 fund.

Subd. 7. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional post retirement payment under section 3 to an eligible member on June 1, following the determination date in the given year.

Subd. 8. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 9. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference if positive, expressed in dollars, between the fund's market value of assets after any deductions required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with Minnesota Statutes, sections 69.77, 356.215, and 356.216, with adjustments required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, equals or exceeds 110 percent.

Sec. 8. [DETERMINATION OF NET TOTAL EXCESS ASSET AMOUNT.]

The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under section 9 must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under Minnesota Statutes, sections 69.77, 356.215, and 356.216, and this act, except to offset the amount distributed.

Sec. 9. [AMOUNT OF NET EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under section 8 is available for net excess asset amount payments under subdivision 2.

Subd. 2. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 3, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 1 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 3. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12

months before the determination date is eligible for a full net excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated net excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay that eligible member's net excess asset amount payment to the eligible member's estate.

Subd. 4. [PAYMENT METHOD.] The net excess asset amount payments determined under subdivisions 2 and 3 commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Sec. 10. [CITY NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding Minnesota Statutes, sections 69.77, 356.215, 356.216, or other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 11. [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of Minnesota Statutes, section 69.77, or any other law to the contrary, if a total excess asset amount exists, as defined in section 7, subdivision 9, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 12. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.]

No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which this is no net total excess asset amount.

Sec. 13. [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding Minnesota Statutes, section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the Minneapolis firefighters relief association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1 to 5 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 6 is effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis compete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

(c) Sections 7 to 13 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis compete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

ARTICLE 18
JUDGES RETIREMENT PLAN
MODIFICATIONS

Section 1. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), 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 plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (16), 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, the state treasurer, and the attorney general;

(2) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, 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) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature 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, provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;

(9) the executive director, associate executive director, and not to exceed nine positions of the higher education services office in the unclassified service, as designated by the higher education services office 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;

(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 Minnesota educational computing corporation;

(14) an employee of the world trade center board; ~~and~~

(15) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3; and

(16) a judge who has exceeded the service credit limit in section 490.121, subdivision 22.

Sec. 2. Minnesota Statutes 1998, 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 employee contribution specified in section 352.04, subdivision 2.

(c) The employer contribution is an amount equal to six percent of salary.

(d) These contributions must be made in the manner provided in section 352.04, subdivisions 4, 5, and 6.

(e) 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.

(f) 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.

Sec. 3. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) 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 fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund, the judges' retirement fund, and the state patrol retirement fund, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the percent specified in section 356.19, subdivision 8, per year of service for any year of service or fraction thereof. The formula percentage used by the legislators retirement plan and the elective state officers retirement must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall 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 funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 4. Minnesota Statutes 1998, section 490.121, subdivision 4, is amended to read:

Subd. 4. [ALLOWABLE SERVICE.] "Allowable service" means a whole year, or any fraction thereof, subject to the service credit limit in subdivision 22, served as a judge at any time, or served as a referee in probate for all referees in probate who were in office prior to January 1, 1974.

Sec. 5. Minnesota Statutes 1998, section 490.121, is amended by adding a subdivision to read:

Subd. 22. [SERVICE CREDIT LIMIT.] "Service credit limit" means the greater of: (1) 24 years of allowable service under chapter 490; or (2) for judges with allowable service rendered prior to July 1, 1980, the number of years of allowable service under chapter 490, which, when

multiplied by the percentage listed in section 356.19, subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

Sec. 6. Minnesota Statutes 1998, section 490.123, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTION RATES.] (a) A judge who is covered by the federal old age, survivors, disability, and health insurance program whose service does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the fund from each salary payment a sum equal to 8.00 percent of salary.

(b) A judge not so covered whose service does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the fund from each salary payment a sum equal to 8.15 percent of salary.

(c) The contribution under this subdivision is payable by salary deduction.

Sec. 7. Minnesota Statutes 1998, section 490.123, subdivision 1b, is amended to read:

Subd. 1b. [EMPLOYER CONTRIBUTION RATE.] The employer contribution rate to the fund on behalf of a judge is 20.5 percent of salary and continues after a judge exceeds the service credit limit in section 490.121, subdivision 22.

The employer contribution must be paid by the state court administrator and is payable at the same time as member contributions under subdivision 1a or employee contributions to the unclassified plan in chapter 352D for judges whose service exceeds the limit in section 490.121, subdivision 22, are remitted.

Sec. 8. Minnesota Statutes 1998, section 490.124, subdivision 1, is amended to read:

Subdivision 1. [BASIC RETIREMENT ANNUITY.] Except as qualified hereinafter from and after mandatory retirement date, normal retirement date, early retirement date, or one year from the disability retirement date, as the case may be, a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in an amount equal to: (1) the percent specified in section 356.19, subdivision 7, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered prior to July 1, 1980; plus (2) the percent specified in section 356.19, subdivision 8, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980; ~~provided that the annuity must not exceed 70 percent of the judge's annual salary for the 12 months immediately preceding retirement.~~ Service that exceeds the service credit limit in section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but compensation earned during this service must be used in determining a judge's final average compensation and calculating the retirement annuity.

Sec. 9. [PRIOR SERVICE.]

This section applies to a person who is a judge on July 1, 2000, and whose service under Minnesota Statutes, chapter 490, on that date exceeds the service credit limit in Minnesota Statutes, section 490.121, subdivision 22. A judge to whom this section applies may elect to have money transferred from the judges' plan to the judge's account in the unclassified employees plan in Minnesota Statutes, chapter 352D. The amount to be transferred is eight percent of the salary the judge earned after reaching the service credit limit defined in Minnesota Statutes, section 490.121, subdivision 22. A judge electing this transfer forfeits all service credit under Minnesota Statutes, chapter 490, that exceeds the limit in Minnesota Statutes, section 490.121, subdivision 22. An election under this section must be made before retirement as a judge, and within 120 days of the effective date of this section. The election must be made on a form and in a manner specified by the executive director of the Minnesota state retirement system.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on July 1, 2000.

VARIOUS INDIVIDUAL AND SMALL GROUP
PENSION PROVISIONS

Section 1. [MSRS-GENERAL; LATE DISABILITY BENEFIT APPLICATION AUTHORIZED.]

(a) Notwithstanding any provision of Minnesota Statutes, section 352.113, subdivision 4, to the contrary, a person described in paragraph (b) is authorized to apply for a disability benefit from the general state employees retirement plan of the Minnesota state retirement system under Minnesota Statutes, section 352.113.

(b) An eligible person is a person who:

(1) was born on October 3, 1952;

(2) was employed by the department of economic security from August 1978 to December 1994;

(3) is disabled within the meaning of Minnesota Statutes, section 352.01, subdivision 17;

(4) began receiving social security disability insurance benefits in January 1995; and

(5) began part-time employment and continues in that employment by the Minnesota state council on disability in January 1998.

(c) The eligible person under paragraph (b) must provide, in conjunction with the disability application, any relevant evidence that the executive director of the Minnesota state retirement system requires about the existence of a total and permanent disability as defined in Minnesota Statutes, section 352.01, subdivision 17, and about the date on which the disability occurred and its relationship to the termination of active service in December 1994.

(d) If the eligible person files a disability benefit application and if the eligible person provides sufficient evidence of disability and the occurrence of the disability under paragraph (c), the disability benefit becomes payable for the first month next following the application and applicable evidence. The disability benefit must be calculated under the laws in effect at the time that the eligible person terminated active service in December 1994. The disability benefit must include any applicable deferred annuities augmentation under Minnesota Statutes, section 352.72, subdivision 2.

(e) Nothing in this section may be deemed to exempt the eligible person from the partial reemployment of a disabilitant provision, Minnesota Statutes, section 352.113, subdivision 7.

Sec. 2. [LEGISLATIVE EMPLOYEE CONTRIBUTION TRANSFER.]

(a) Any employee of the senate, the house of representatives, or of a joint legislative agency or commission who transferred from the department of revenue or the department of finance prior to the effective date of this section who was covered by the general state employees retirement plan of the Minnesota state retirement system during the period of employment with the department of revenue or the department of finance and who upon transfer participates in the unclassified plan is entitled to have the person's employee and applicable employer contributions for the period of employment with the department of revenue transferred to the supplemental investment fund in accordance with Minnesota Statutes, section 352D.02, subdivision 4, and section 352D.03.

(b) If any employee described in paragraph (a) had general state employees retirement plan contributions transferred before the effective date of this section and the transferred amount was less than the amount would be under paragraph (a) if the transfer was made subsequent to the effective date of this section, the difference must be transferred as provided in paragraph (a).

(c) This transfer authority expires on July 1, 2002.

Sec. 3. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE FOR UNCREDITED HENNEPIN COUNTY EMPLOYMENT.]

(a) An eligible person described in paragraph (b) is entitled to obtain one year of allowable service credit from the general employees retirement plan of the public employees retirement association.

(b) An eligible person is a person who:

(1) was born April 12, 1936;

(2) retired from the teachers retirement association on July 1, 1997;

(3) is currently a recipient of a retirement annuity from the teachers retirement association and a retirement annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) was employed during the period September 1966 through September 1967 by Hennepin county as a parole officer, when member contributions for retirement coverage were deducted, but for which no allowable service credit in the general employees retirement plan of the public employees retirement association was recorded.

(c) Notwithstanding any provision of Minnesota Statutes, sections 353.29, subdivision 7, and 356.30, to the contrary, an eligible person may file an application for a retirement annuity from the general employee retirement plan of the public employees retirement association retroactive to July 1, 1997, with benefits paid retroactive to that date, and may have the annuity calculated as a combined service annuity.

(d) The allowable service credit must be granted by the public employees retirement association upon the filing of a valid retirement application by the eligible person.

(e) Within 30 days of the receipt of that application by the public employees retirement association and notification by the public employees retirement association to the county administrator, Hennepin county may pay one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55. If Hennepin county does not pay the required amount in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance of that fact and the commissioner shall deduct from any state aid or state appropriation payable to Hennepin county that amount, plus interest on that amount of 1.5 percent per month for each month or portion of a month from the filing of the retirement application under paragraph (d) to the date of deduction.

(f) An amount equal to one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, must be charged against the public employees retirement association as an administrative expense.

(g) This allowable service credit provision expires on January 1, 2001.

Sec. 4. [PAYMENT OF OMITTED SALARY DEDUCTIONS.]

Subdivision 1. [APPLICATION.] A person who was born on October 23, 1943, was employed by Dakota county as a part-time maintenance employee on October 16, 1985, and first had public employees retirement association member contributions deducted as of September 15, 1986, is entitled to purchase eight months of service credit from the public employees retirement association.

Subd. 2. [PAYMENT.] The purchase payment amount for the service credit purchase authorized in subdivision 1 is governed by Minnesota Statutes, section 356.55. Notwithstanding any provision of Minnesota Statutes, section 356.55, subdivision 5, to the contrary, the eligible person must pay, on or before June 1, 2001, an amount equal to the employee contribution rate applied to the person's actual salary rate in effect between January 17, 1986, and September 15, 1986, plus annual compound interest at the rate of 8.5 percent from the date that the employer contributions should have been paid and the date of actual payment. Dakota county shall pay the balance of the required purchase payment amount within 30 days of the payment by the eligible person. If Dakota county fails to pay its required amount, the executive director of the public

employees retirement association may notify the commissioner of finance of that fact and the commissioner of finance may order that the required amount be deducted from any subsequent state payment to Dakota county and transmitted to the public employees retirement association.

Subd. 3. [APPLICATION; DOCUMENTATION.] A person described in subdivision 1 must apply with the executive director of the public employees retirement association to make the purchase. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

Subd. 4. [LIMITATION.] Authority under this section expires on July 1, 2001.

Sec. 5. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; REDUCED SERVICE CREDIT REQUIREMENT FOR DISABILITY BENEFIT APPLICATION.]

(a) An eligible person described in paragraph (b) is entitled to apply for a disability benefit from the general employee retirement plan of the public employees retirement association with 14 months of service credit subsequent to the person's last termination of membership, notwithstanding any provision to the contrary of Minnesota Statutes, section 353.33, subdivision 1.

(b) An eligible person is a person who:

- (1) was born on May 30, 1945;
- (2) began public employment with Todd county in November 1978;
- (3) first terminated public employment in August 1982;
- (4) resumed public employment with Morrison county in October 1987;
- (5) subsequently terminated public employment with Meeker county in November 1997;
- (6) resumed public employment with Todd county in August 1998; and
- (7) subsequently terminated public employment October 8, 1999.

Sec. 6. [TEACHERS RETIREMENT ASSOCIATION; REFUND OF CERTAIN INTEREST CHARGES.]

(a) Upon filing a written demand for the interest refund, a person described in paragraph (b) is entitled to receive a refund of interest specified in paragraph (c) for the period during which the teachers retirement association was negligent in providing accurate information to the eligible person or was negligent in making timely reports to other Minnesota public pension plans in which the eligible person has service credit.

(b) An eligible person is a person who:

- (1) retired from the teachers retirement association effective September 1, 1999;
- (2) repaid a previously taken refund to the teachers retirement association on August 23, 1999, restoring 10.979 years of allowable service credit;
- (3) began the retirement application and refund repayment process in February 1999, and was first able to file retirement forms with the teachers retirement association office on August 27, 1999; and
- (4) was charged interest on the repayment of refund for the period during which the teachers retirement association failed to provide requested information and failed to contact the public employees retirement association and the St. Paul teachers retirement fund association.

(c) The refund interest rate is 0.708 percent per month, compounded monthly, on the refund repayment amount that would have been payable on April 15, 1999, applied to the period April 15,

1999, to August 23, 1999, and 8.5 percent per year, compounded annually, on that initially determined amount from August 23, 1999, until the interest repayment is made.

(d) The interest refund is payable on the first day of the month next following the date on which the eligible person files the written demand under paragraph (a).

Sec. 7. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; PRIOR SERVICE CREDIT PURCHASE AUTHORIZATION.]

(a) Notwithstanding any provision of law to the contrary, a person described in paragraph (b) is authorized to purchase allowable service credit from the basic program of the Minneapolis teachers retirement fund association for the period described in paragraph (c) by making the payment specified in paragraph (d).

(b) An eligible person for purposes of paragraph (a) is a person who:

(1) was born on October 1, 1942;

(2) is currently employed by special school district No. 1 (Minneapolis) and is currently a member of the Minneapolis teachers retirement fund association;

(3) was initially hired by special school district No. 1 (Minneapolis) on November 13, 1967, and taught at Sanford Junior High School until June 1968;

(4) was reemployed by special school district No. 1 (Minneapolis) as an adult basic education English and social studies teacher on May 25, 1970, and continued to teach in that program until December 17, 1984; and

(5) as a result of binding arbitration of an employment dispute, was employed by special school district No. 1 (Minneapolis) as an English teacher at Franklin Junior High School on December 17, 1984.

(c) The service credit purchase period is any period between May 25, 1970, to December 17, 1984, that has not previously been credited by the Minneapolis teachers retirement fund association.

(d) To purchase the allowable service credit, the eligible person must pay to the Minneapolis teachers retirement fund association the prior service credit purchase payment calculated under Minnesota Statutes, section 356.55.

(e) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b) and any other applicable information that the executive director of the Minneapolis teachers retirement fund association may request.

(f) This prior service credit purchase authority expires on July 1, 2001, or on the date of the eligible person's termination of active service with special school district No. 1 (Minneapolis), whichever is earlier.

Sec. 8. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR INDEPENDENT CONTRACT UNCREDITED TEACHING SERVICE PERIOD.]

(a) An eligible person described in paragraph (b) is authorized to purchase allowable service credit from the Minneapolis teachers retirement fund association for the period of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55, by the last date authorized for receiving payment under that section, or the eligible person's effective date of retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on May 22, 1939;

(2) was employed by special school district No. 1 (Minneapolis) and covered as an active

member by the Minneapolis teachers retirement fund association from July 27, 1962, to June 11, 1967;

(3) was retained by special school district No. 1 (Minneapolis) at an hourly wage rate as a teacher in the adult basic education program from April 23, 1980, to September 28, 1992.

(c) The period for allowable service credit purchase is from April 23, 1980, to September 28, 1992.

(d) An eligible person under paragraph (b) must provide any relevant documentation related to eligibility to make this service credit purchase which is required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) A service credit purchase is not authorized for any portion of the April 23, 1980, to September 28, 1992, period for which the eligible individual signed an independent contract which waives pension coverage by the Minneapolis teachers retirement fund association for the period covered by the contract, or for any period for which administrators for special school district No. 1 or the Minneapolis teachers retirement fund association determine that the individual was serving as an independent contractor.

Sec. 9. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on August 15, 1951;

(2) was hired by the city of Minneapolis as a maintenance worker/truck driver on June 1, 1976, and was covered by the Minneapolis employees retirement fund for that employment;

(3) is currently employed by the city of Minneapolis and covered by the Minneapolis employees retirement association.

(c) The period for allowable service credit purchase is a period during 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 10. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period or periods of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on December 17, 1953;

(2) was hired by the city of Minneapolis as a full-time maintenance worker on February 2, 1974, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis, covered by the Minneapolis employees retirement association.

(c) The periods for allowable service credit purchase are periods during 1974 and 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 11. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 4 to 10 are effective on the day following final enactment.

(b) Section 3 is effective on the day after the date on which the Dakota county board of commissioners and the chief clerical officer of Dakota county complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 1 expires, if not utilized, on December 31, 2000."

Delete the title and insert:

"A bill for an act relating to retirement; public pension plan actuarial" reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising re-employed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding a subdivision; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions, 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision

6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, subdivisions 4, and by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapters 352G; and 424B; repealing Minnesota Statutes 1998, section 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61."

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

SECOND READING OF SENATE BILLS

S.F. Nos. 2845, 689, 1038, 2851, 2933 and 2796 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Novak moved that S.F. No. 3689 be withdrawn from the Committee on Transportation and re-referred to the Committee on Taxes. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Senator Pogemiller introduced--

S.F. No. 3795: A bill for an act relating to teacher retirement; clarifying participation by teachers employed by a teacher professional association; amending Minnesota Statutes 1998, sections 124D.10, subdivision 20; 354.05, subdivision 2; and 354A.011, subdivision 27.

Referred to the Committee on Governmental Operations and Veterans.

Senators Stumpf, Janezich, Langseth and Moe, R.D. introduced--

S.F. No. 3796: A bill for an act relating to education finance; creating small school revenue; appropriating money; amending Minnesota Statutes 1998, section 126C.10, by adding a subdivision; Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 1.

Referred to the Committee on Children, Families and Learning.

Senator Lesewski introduced--

S.F. No. 3797: A bill for an act relating to Yellow Medicine county; authorizing an economic development authority.

Referred to the Committee on Jobs, Energy and Community Development.

Senator Samuelson introduced--

S.F. No. 3798: A bill for an act relating to health and human services; appropriating money. Referred to the Committee on Human Resources Finance.

Senators Janezich; Higgins; Kelly, R.C.; Anderson and Larson introduced--

S.F. No. 3799: A bill for an act relating to state government; appropriating money for economic development and certain agencies of state government; establishing and modifying programs; regulating activities and practices; modifying fees; making conforming changes; requiring reports; amending Minnesota Statutes 1998, sections 16C.05, subdivision 3; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 116L.04, subdivision 1; 181A.12, subdivision 1; 216C.051, subdivision 9; and 216C.41, subdivision 3; Minnesota Statutes 1999 Supplement, sections 13.99, by adding a subdivision; 116L.04, subdivision 1a; 268.085, subdivision 4; 268.98, subdivision 3; and 326.105; proposing coding for new law in Minnesota Statutes, chapters 116L; 136F; 268; 325G; 326; and 462A; repealing Minnesota Rules, part 3800.3810.

Referred to the Committee on Human Resources Finance. Senator Ourada questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Senators Piper, Lesewski, Robling, Lourey and Higgins introduced--

S.F. No. 3800: A bill for an act relating to children, families, and learning; modifying the formula for the adult basic education program; amending child care provisions; appropriating money; amending Minnesota Statutes 1998, sections 124D.16, subdivision 1; 124D.52, subdivisions 1, 2, 3, and by adding a subdivision; 245A.14, subdivision 4, and by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 119B.011, subdivisions 12, 15, and 20; 119B.03, subdivision 4; 119B.05, subdivision 1; 124D.221, subdivision 2; and 124D.53, subdivision 3; Laws 1999, chapter 205, articles 1, sections 65 and 71, subdivisions 3, 7, and 9; 2, section 4, subdivision 3; and 4, section 12, subdivisions 5, 6, and 7; proposing coding for new law in Minnesota Statutes, chapter 124D; repealing Minnesota Statutes 1998, section 124D.53, subdivisions 1, 2, and 5; Minnesota Statutes 1999 Supplement, section 124D.53, subdivision 4.

Referred to the Committee on Education Finance.

Senators Stumpf, Larson, Wiener and Kelley, S.P. introduced--

S.F. No. 3801: A bill for an act relating to education; appropriating money for education and related purposes to the board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota with certain conditions; modifying child care grant provisions; amending Minnesota Statutes 1998, section 136A.125, by adding a subdivision; Laws 1999, chapter 214, article 1, section 4, subdivision 2; repealing Minnesota Rules, parts 4830.9005; 4830.9010; 4830.9015; 4830.9020; and 4830.9030.

Referred to the Committee on Education Finance.

MEMBERS EXCUSED

Senator Anderson was excused from the Session of today from 9:00 to 9:25 a.m. Senator Junge was excused from the Session of today from 9:00 to 10:45 a.m. and from 11:45 a.m. to 12:45 p.m. Senator Lessard was excused from the Session of today from 12:00 noon to 12:30 p.m. Senator Wiger was excused from the Session of today from 12:10 to 12:45 p.m. Senator Sams was excused from the Session of today from 12:40 to 1:05 p.m. Senator Novak was excused from the Session of today from 1:00 o 2:30 p.m

ADJOURNMENT

Senator Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Friday, March 17, 2000. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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