

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-FIRST LEGISLATURE

ONE HUNDRED SEVENTEENTH DAY

St. Paul, Minnesota, Tuesday, May 9, 2000

The Senate met at 10:00 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 Senator Pat Piper.

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

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

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

The President declared a quorum present.

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Senator Samuelson moved that the following members be excused for a Conference Committee on H.F. No. 2699 at 10:15 a.m.:

Senators Samuelson, Krentz, Price, Janezich and Kiscaden. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Senator Berglin moved that the following members be excused for a Conference Committee on H.F. No. 4078 at 10:15 a.m.:

Senators Berglin, Cohen, Langseth, Stumpf and Scheevel. The motion prevailed.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

May 5, 2000

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 3300, 3386, 2570, 2521, 1870 and 3257.

Sincerely,
Jesse Ventura, Governor

May 5, 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
	2833	451	10:47 a.m. May 5	May 5
3300		452	10:47 a.m. May 5	May 5
3386		453	10:46 a.m. May 5	May 5
2570		454	10:49 a.m. May 5	May 5
2521		455	10:50 a.m. May 5	May 5
1870		456	10:50 a.m. May 5	May 5
3257		457	10:51 a.m. May 5	May 5

Sincerely,
Mary Kiffmeyer
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 2956.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 4, 2000

Mr. President:

I have the honor to announce that the House refuses to adopt the report of the Conference Committee on Senate File No. 3160 and requests that the bill be returned to the Conference Committee for further consideration.

S.F. No. 3160: A bill for an act relating to drivers' licenses; extending ignition interlock pilot program; making clarifying and technical changes; amending Minnesota Statutes 1998, section 171.305, as amended; repealing Minnesota Rules, parts 7409.3700; 7409.3710; 7409.3720; 7409.3730; 7409.3740; 7409.3750; 7409.3760; and 7409.3770.

Senate File No. 3160 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 4, 2000

Senator Neuville moved that S.F. No. 3160 and the Conference Committee Report thereon be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 3016, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 3016: A bill for an act relating to family law; changing certain child support enforcement provisions; providing for notices; clarifying certain delegation of powers provisions; amending Minnesota Statutes 1998, sections 256.979, by adding a subdivision; 518.255; 518.64, subdivision 5; 518.68, subdivision 2; 524.5-505; 552.01, subdivision 3, and by adding a subdivision; 552.03; and 552.04, subdivisions 4, 6, 11, and 16; Minnesota Statutes 1999 Supplement, section 13B.06, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 518 and 552; repealing Minnesota Statutes 1998, section 552.05, subdivisions 1, 2, 3, 6, 7, 8, and 9; Minnesota Statutes 1999 Supplement, section 552.05, subdivisions 4, 5, and 10; Minnesota Rules, parts 9500.1800; 9500.1805; 9500.1810; 9500.1811; 9500.1812; 9500.1815; 9500.1817; 9500.1820; and 9500.1821.

Senate File No. 3016 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 4, 2000

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2216.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 4, 2000

FIRST READING OF HOUSE BILLS

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

H.F. No. 2216: A resolution memorializing the President and Congress to honor Hmong and Lao combat veterans by easing naturalization requirements for those who served in the U.S. Secret Army during the Vietnam War and enacting H.R. 371, the Hmong Veterans' Naturalization Act of 1999.

Referred to the Committee on Governmental Operations and Veterans.

MOTIONS AND RESOLUTIONS**Senator Lesewski introduced--**

Senate Resolution No. 175: A Senate resolution commending Doug Sweetland on his six years as president of Southwest State University.

Referred to the Committee on Rules and Administration.

Senator Lourey introduced--

Senate Resolution No. 176: A Senate resolution congratulating Daniel Sandell of Sturgeon Lake, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

S.F. No. 11 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 11

A bill for an act relating to domestic abuse; providing for a six-year statute of limitations for causes of action based on domestic abuse; amending Minnesota Statutes 1998, section 541.05, subdivision 1; Minnesota Statutes 1999 Supplement, section 541.07.

May 2, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 11, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 11 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 541.05, subdivision 1, is amended to read:

Subdivision 1. Except where the Uniform Commercial Code otherwise prescribes, the following actions shall be commenced within six years:

(1) Upon a contract or other obligation, express or implied, as to which no other limitation is expressly prescribed;

(2) Upon a liability created by statute, other than those arising upon a penalty or forfeiture or where a shorter period is provided by section 541.07;

(3) For a trespass upon real estate;

(4) For taking, detaining, or injuring personal property, including actions for the specific recovery thereof;

(5) For criminal conversation, or for any other injury to the person or rights of another, not arising on contract, and not hereinafter enumerated;

(6) For relief on the ground of fraud, in which case the cause of action shall not be deemed to have accrued until the discovery by the aggrieved party of the facts constituting the fraud;

(7) To enforce a trust or compel a trustee to account, where the trustee has neglected to discharge the trust, or claims to have fully performed it, or has repudiated the trust relation;

(8) Against sureties upon the official bond of any public officer, whether of the state or of any county, town, school district, or a municipality therein; in which case the limitation shall not begin to run until the term of such officer for which the bond was given shall have expired;

(9) For damages caused by a dam, used for commercial purposes; or

(10) For assault, battery, false imprisonment, or other tort, resulting in personal injury, if the conduct that gives rise to the cause of action also constitutes domestic abuse as defined in section 518B.01.

Sec. 2. Minnesota Statutes 1999 Supplement, section 541.07, is amended to read:

541.07 [TWO- OR THREE-YEAR LIMITATIONS.]

Except where the Uniform Commercial Code, this section, section 148A.06, 541.05, 541.073, or 541.076 otherwise prescribes, the following actions shall be commenced within two years:

(1) for libel, slander, assault, battery, false imprisonment, or other tort, resulting in personal injury, and all actions against veterinarians as defined in chapter 156, for malpractice, error, mistake or failure to cure, whether based on contract or tort; provided a counterclaim may be pleaded as a defense to any action for services brought by a veterinarian after the limitations period if it was the property of the party pleading it at the time it became barred and was not barred at the time the claim sued on originated, but no judgment thereof except for costs can be rendered in favor of the party so pleading it;

(2) upon a statute for a penalty or forfeiture, except as provided in sections 541.074 and 541.075;

(3) for damages caused by a dam, other than a dam used for commercial purposes; but as against one holding under the preemption or homestead laws, the limitations shall not begin to run until a patent has been issued for the land so damaged;

(4) against a master for breach of an indenture of apprenticeship; the limitation runs from the expiration of the term of service;

(5) for the recovery of wages or overtime or damages, fees or penalties accruing under any federal or state law respecting the payment of wages or overtime or damages, fees or penalties except, that if the employer fails to submit payroll records by a specified date upon request of the department of labor and industry or if the nonpayment is willful and not the result of mistake or inadvertence, the limitation is three years. (The term "wages" means all remuneration for services or employment, including commissions and bonuses and the cash value of all remuneration in any medium other than cash, where the relationship of master and servant exists and the term "damages" means single, double, or treble damages, accorded by any statutory cause of action whatsoever and whether or not the relationship of master and servant exists);

(6) for damages caused by the establishment of a street or highway grade or a change in the originally established grade;

(7) against the person who applies the pesticide for injury or damage to property resulting from the application, but not the manufacture or sale, of a pesticide.

Sec. 3. [JOINT DOMESTIC ABUSE PROSECUTION UNIT.]

Subdivision 1. [ESTABLISHMENT.] A pilot project may be established to develop a joint domestic abuse prosecution unit administered by the Ramsey county attorney's office and the St. Paul city attorney's office. The unit would have authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit would also coordinate efforts with child protection attorneys. The unit would include four cross-deputized assistant city attorneys and assistant county attorneys. A victim/witness advocate, a law clerk, and a legal secretary would provide support.

Subd. 2. [GOALS.] The goals of this pilot project are to:

- (1) recognize children as both victims and witnesses in domestic abuse situations;
- (2) recognize and respect the interests of children in the prosecution of domestic abuse; and
- (3) reduce the exposure to domestic violence for both adult and child victims.

Subd. 3. [REPORT.] If the project is established, the Ramsey county attorney's office and the St. Paul city attorney's office must report to the legislature on the pilot project. The report may include the number and types of cases referred, the number of cases charged, the outcome of cases, and other relevant outcome measures. A progress report is due January 15, 2001, and a final report is due January 15, 2002.

Subd. 4. [SHARING OF PILOT PROJECT RESULTS.] If the project is established, the Ramsey county attorney's office and the St. Paul city attorney's office must share the results of the pilot project with the state and other counties and cities.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 2000, and apply to causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to domestic abuse; providing for a six-year statute of limitations for causes of action based on domestic abuse; authorizing a joint domestic abuse prosecution unit pilot project in Ramsey county; amending Minnesota Statutes 1998, section 541.05, subdivision 1; Minnesota Statutes 1999 Supplement, section 541.07."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Don Betzold, Ember R. Junge, David L. Knutson

House Conferees: (Signed) Dave Bishop, Sherry Broecker, Andy Dawkins

Senator Betzold moved that the foregoing recommendations and Conference Committee Report on S.F. No. 11 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 11 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Knutson	Murphy	Scheid
Belanger	Higgins	Laidig	Neuville	Solon
Berg	Hottinger	Langseth	Oliver	Spear
Betzold	Johnson, D.E.	Larson	Olson	Stevens
Cohen	Johnson, D.H.	Lesewski	Ourada	Terwilliger
Day	Johnson, D.J.	Lessard	Pariseau	Vickerman
Dille	Junge	Limmer	Ranum	Wiger
Fischbach	Kelley, S.P.	Lourey	Ring	Ziegler
Flynn	Kierlin	Marty	Robertson	
Foley	Kinkel	Metzen	Robling	
Frederickson	Kleis	Moe, R.D.	Sams	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 3036 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 3036

A bill for an act relating to natural resources; providing for seizure and administrative forfeiture of certain firearms and abandoned property; modifying authority to issue trespass citations; modifying provisions for forfeited vehicles; modifying definition of peace officer; providing civil penalties; appropriating money; amending Minnesota Statutes 1998, sections 97B.002, subdivision 1; and 609.5312, subdivision 4; Minnesota Statutes 1999 Supplement, sections 169.1217, subdivision 9; and 169.123, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97A.

May 2, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 3036, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 3036 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [97A.223] [SEIZURE AND ADMINISTRATIVE FORFEITURE OF CERTAIN FIREARMS AND ABANDONED PROPERTY.]

Subdivision 1. [PROPERTY SUBJECT TO SEIZURE AND FORFEITURE.] (a) An enforcement officer must seize:

- (1) firearms possessed in violation of state or federal law or court order; and
 - (2) property described in section 97A.221, subdivision 1, where no owner can be determined.
- (b) Property seized under this section is subject to administrative forfeiture.

Subd. 2. [NOTICE OF SEIZURE AND INTENT TO FORFEIT.] When property is seized under subdivision 1, the enforcement officer shall serve any known owner and person possessing the property with a notice of the seizure and intent to forfeit the property. The notice must be in writing, describing the property seized, the date of seizure, and notice of the right to appeal the seizure and forfeiture as described in subdivision 3.

Subd. 3. [APPEAL; FINAL ORDER.] Seizure and administrative forfeiture of property under this section may be appealed under the procedures in section 116.072, subdivision 6, if the owner or other person from whom the property was seized requests a hearing by notifying the commissioner in writing within 45 days after seizure of the property. For purposes of this section, the terms "commissioner" and "agency" as used in section 116.072 mean the commissioner of natural resources. If a hearing is not requested within 45 days of seizure, the forfeiture becomes a final order and not subject to further review.

Subd. 4. [OTHER REMEDIES.] The authority to forfeit firearms and other property under this section is in addition to other remedies available under state and federal law.

Subd. 5. [DISPOSAL OF FORFEITED PROPERTY.] Forfeited property under this section may be disposed of as contraband according to section 97A.221, subdivision 4.

Sec. 2. Minnesota Statutes 1998, section 97B.002, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] Conservation officers, sheriffs, and deputies may issue citations to a person who trespasses in violation of section 84.90 or 97B.001 or removes a sign posted to prevent trespass without permission of the owner of the property.

Sec. 3. Minnesota Statutes 1999 Supplement, section 169.1217, subdivision 7a, is amended to read:

Subd. 7a. [ADMINISTRATIVE FORFEITURE PROCEDURE.] (a) A motor vehicle used to commit a designated offense or used in conduct resulting in a designated license revocation is subject to administrative forfeiture under this subdivision.

(b) When a motor vehicle is seized under subdivision 2, the appropriate agency shall serve the driver or operator of the vehicle with a notice of the seizure and intent to forfeit the vehicle. Additionally, when a motor vehicle is seized under subdivision 2, or within a reasonable time after that, all persons known to have an ownership, possessory, or security interest in the vehicle must be notified of the seizure and the intent to forfeit the vehicle. The notification to a person known to have a security interest in the vehicle is required only if the vehicle is registered under chapter 168 and the interest is listed on the vehicle's title. Notice mailed by certified mail to the address shown in department of public safety records is sufficient notice to the registered owner of the vehicle. Otherwise, notice may be given in the manner provided by law for service of a summons in a civil action.

(c) The notice must be in writing and contain:

(1) a description of the vehicle seized;

(2) the date of seizure; and

(3) notice of the right to obtain judicial review of the forfeiture and of the procedure for obtaining that judicial review, printed in English, Hmong, and Spanish. Substantially the following language must appear conspicuously: "IF YOU DO NOT DEMAND JUDICIAL REVIEW EXACTLY AS PRESCRIBED IN MINNESOTA STATUTES, SECTION 169.1217, SUBDIVISION 7a, YOU LOSE THE RIGHT TO A JUDICIAL DETERMINATION OF THIS FORFEITURE AND YOU LOSE ANY RIGHT YOU MAY HAVE TO THE ABOVE DESCRIBED PROPERTY. YOU MAY NOT HAVE TO PAY THE FILING FEE FOR THE DEMAND IF DETERMINED YOU ARE UNABLE TO AFFORD THE FEE. IF THE PROPERTY IS WORTH \$7,500 OR LESS, YOU MAY FILE YOUR CLAIM IN CONCILIATION COURT. YOU DO NOT HAVE TO PAY THE CONCILIATION COURT FILING FEE IF THE PROPERTY IS WORTH LESS THAN \$500."

(d) Within 30 days following service of a notice of seizure and forfeiture under this subdivision, a claimant may file a demand for a judicial determination of the forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the prosecuting authority having jurisdiction over the forfeiture, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is \$7,500 or less, the claimant may file an action in conciliation court for recovery of the seized vehicle. If the value of the seized property is less than \$500, the claimant does not have to pay the conciliation court filing fee. No responsive pleading is required of the prosecuting authority and no court fees may be charged for the prosecuting authority's appearance in the matter. Except as provided in this section, judicial reviews and hearings are governed by section 169.123, subdivisions 5c and 6, and shall, at the option of the prosecuting authority, may take place at the same time as any judicial review of the person's license revocation under section 169.123. If the judicial review and hearing under this section do not take place at the same time as the judicial review of the person's license revocation under section 169.123, the review and hearing must take place at the earliest practicable date. The proceedings may be combined with any hearing on a petition filed under section 169.123, subdivision 5c, and are governed by the rules of civil procedure.

(e) The complaint must be captioned in the name of the claimant as plaintiff and the seized vehicle as defendant, and must state with specificity the grounds on which the claimant alleges the vehicle was improperly seized and the plaintiff's interest in the vehicle seized. Notwithstanding any law to the contrary, an action for the return of a vehicle seized under this section may not be maintained by or on behalf of any person who has been served with a notice of seizure and forfeiture unless the person has complied with this subdivision.

(f) If the claimant makes a timely demand for a judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under subdivision 8.

(g) If a demand for judicial determination of an administrative forfeiture is filed under this subdivision and the court orders the return of the seized vehicle, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order sanctions under section 549.211.

Sec. 4. Minnesota Statutes 1998, section 169.1217, is amended by adding a subdivision to read:

Subd. 10. [SALE OF FORFEITED VEHICLE BY SECURED PARTY.] (a) A financial institution with a valid security interest in or a valid lease covering a forfeited vehicle may choose to dispose of the vehicle under this subdivision, in lieu of the appropriate agency disposing of the vehicle under subdivision 9. A financial institution wishing to dispose of a vehicle under this subdivision shall notify the appropriate agency of its intent, in writing, within 30 days after receiving notice of the seizure and forfeiture. The appropriate agency shall release the vehicle to the financial institution or its agent after the financial institution presents proof of its valid security agreement or of its lease agreement and the financial institution agrees not to sell the vehicle to a member of the violator's household, unless the violator is not convicted of the offense on which the forfeiture is based. The financial institution shall dispose of the vehicle in a commercially reasonable manner as defined in section 336.9-504.

(b) After disposing of the forfeited vehicle, the financial institution shall reimburse the appropriate agency for its seizure, storage, and forfeiture costs. The financial institution may then apply the proceeds of the sale to its storage costs, to its sale expenses, and to satisfy the lien or the lease on the vehicle. If any proceeds remain, the financial institution shall forward the proceeds to the state treasury, which shall credit the appropriate fund as specified in subdivision 9.

Sec. 5. Minnesota Statutes 1998, section 609.5312, subdivision 4, is amended to read:

Subd. 4. [VEHICLE FORFEITURE FOR FLEEING A PEACE OFFICER.] (a) A motor vehicle is subject to forfeiture under this subdivision if it was used to commit a violation of section 609.487 and endanger life or property. A motor vehicle is subject to forfeiture under this subdivision only if the offense is established by proof of a criminal conviction for the offense. Except as otherwise provided in this subdivision, a forfeiture under this subdivision is governed by sections 609.531, 609.5312, 609.5313, and 609.5315, subdivision 6.

(b) When a motor vehicle subject to forfeiture under this subdivision is seized in advance of a judicial forfeiture order, a hearing before a judge or referee must be held within 96 hours of the seizure. Notice of the hearing must be given to the registered owner within 48 hours of the seizure. The prosecuting authority shall certify to the court, at or in advance of the hearing, that it has filed or intends to file charges against the alleged violator for violating section 609.487. After conducting the hearing, the court shall order that the motor vehicle be returned to the owner if:

(1) the prosecutor has failed to make the certification required by this paragraph;

(2) the owner of the motor vehicle has demonstrated to the court's satisfaction that the owner has a defense to the forfeiture, including but not limited to the defenses contained in subdivision 2; or

(3) the court determines that seizure of the vehicle creates or would create an undue hardship for members of the owner's family.

(c) If the defendant is acquitted or the charges against the defendant are dismissed, neither the

owner nor the defendant is responsible for paying any costs associated with the seizure or storage of the vehicle.

(d) A vehicle leased or rented under section 168.27, subdivision 4, for a period of 180 days or less is not subject to forfeiture under this subdivision.

(e) A motor vehicle that is an off-road recreational vehicle as defined in section 169.01, subdivision 86, or a motorboat as defined in section 169.01, subdivision 87, is not subject to paragraph (b).

Sec. 6. [ASSESSING GROSS VIOLATIONS; REPORT.]

The commissioner of natural resources must review and assess gross violations of taking game and fish resources. A report on increased penalties for gross violations must be completed by the commissioner by February 1, 2001, and delivered to the house and senate committees on natural resources policy and finance.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to penalties; providing for seizure and administrative forfeiture of certain firearms and abandoned property; modifying authority to issue trespass citations; modifying provisions for forfeited vehicles; requiring a report of gross violations of game and fish law; providing civil penalties; amending Minnesota Statutes 1998, sections 97B.002, subdivision 1; 169.1217, by adding a subdivision; and 609.5312, subdivision 4; Minnesota Statutes 1999 Supplement, section 169.1217, subdivision 7a; proposing coding for new law in Minnesota Statutes, chapter 97A."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Dave Johnson, Jane Krentz, Gary W. Laidig

House Conferees: (Signed) Bill Haas, Kathy Tingelstad, Betty McCollum

Senator Johnson, D.H. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3036 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 3036 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Laidig	Oliver	Solon
Belanger	Hottinger	Larson	Olson	Spear
Berg	Johnson, D.E.	Lesewski	Ourada	Stevens
Betzold	Johnson, D.H.	Lessard	Pappas	Terwilliger
Day	Johnson, D.J.	Limmer	Pariseau	Vickerman
Dille	Junge	Lourey	Ranum	Wiger
Fischbach	Kelley, S.P.	Marty	Ring	Ziegler
Flynn	Kierlin	Metzen	Robertson	
Foley	Kinkel	Moe, R.D.	Robling	
Frederickson	Kleis	Murphy	Sams	
Hanson	Knutson	Neuville	Scheid	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 3234 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 3234

A bill for an act relating to state government; authorizing legislative governmental operations committees to formally object to administrative rules; modifying the review of proposed rules; creating a rules task force; providing appointments; amending Minnesota Statutes 1998, sections 3.842, subdivision 4a; and 14.15, subdivision 4; Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3.

May 3, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 3234, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 3234 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 3.842, subdivision 4a, is amended to read:

Subd. 4a. [OBJECTIONS TO RULES.] (a) For purposes of this subdivision, "committee" means the house of representatives policy committee or senate policy committee with primary jurisdiction over state governmental operations. The commission or a committee may object to a rule as provided in this subdivision. If the commission or a committee objects to all or some portion of a rule because the commission or committee considers it to be beyond the procedural or substantive authority delegated to the agency, including a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), the commission or committee may file that objection in the office of the secretary of state. The filed objection must contain a concise statement of the commission's or committee's reasons for its action. An objection to a proposed rule submitted by the commission or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed before the rule is adopted.

(b) The secretary of state shall affix to each objection a certification of the date and time of its filing and as soon after the objection is filed as practicable shall transmit a certified copy of it to the agency issuing the rule in question and to the revisor of statutes. The secretary of state shall also maintain a permanent register open to public inspection of all objections by the commission or committee.

(c) The commission or committee shall publish and index an objection filed under this section in the next issue of the State Register. The revisor of statutes shall indicate the existence of the objection adjacent to the rule in question when that rule is published in Minnesota Rules.

(d) Within 14 days after the filing of an objection by the commission or committee to a rule, the issuing agency shall respond in writing to the ~~commission~~ objecting entity. After receipt of the response, the commission or committee may withdraw or modify its objection.

(e) After the filing of an objection by the commission or committee that is not subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review or for enforcement of the rule to establish that the whole or portion of the rule objected to is valid.

(f) The failure of the commission or a committee to object to a rule is not an implied legislative authorization of its validity.

(g) In accordance with sections 14.44 and 14.45, the commission or a committee may petition for a declaratory judgment to determine the validity of a rule objected to by the commission or committee. The action must be started within two years after an objection is filed in the office of the secretary of state.

(h) The commission or a committee may intervene in litigation arising from agency action. For purposes of this paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

Sec. 2. Minnesota Statutes 1998, section 14.15, subdivision 4, is amended to read:

Subd. 4. [NEED OR REASONABLENESS NOT ESTABLISHED.] If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established pursuant to section 14.14, subdivision 2, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the legislative coordinating commission and to the house of representatives and senate policy committees with primary jurisdiction over state governmental operations for the commission's advice and comment. The agency may not adopt the rule until it has received and considered the advice of the commission and committees. However, the agency is not required to wait for the commission's advice for more than 60 days after the commission has and committees have received the agency's submission.

Sec. 3. Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3, is amended to read:

Subd. 3. [REVIEW.] (a) Within 14 days, the administrative law judge shall approve or disapprove the rule as to its legality and its form to the extent that the form relates to legality, including the issues of whether the rule if modified is substantially different, as determined under section 14.05, subdivision 2, from the rule as originally proposed, whether the agency has the authority to adopt the rule, and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule. If the rule is approved, the administrative law judge shall promptly file three copies of it in the office of the secretary of state. The secretary of state shall forward one copy of each rule to the revisor of statutes and to the governor. If the rule is disapproved, the administrative law judge shall state in writing the reasons for the disapproval and make recommendations to overcome the defects.

(b) The written disapproval must be submitted to the chief administrative law judge for approval. If the chief administrative law judge approves of the findings of the administrative law judge, the chief administrative law judge shall send the statement of the reasons for disapproval of the rule to the agency, the legislative coordinating commission, the house of representatives and senate policy committees with primary jurisdiction over state governmental operations, and the revisor of statutes and advise the agency and the revisor of statutes of actions that will correct the defects. The rule may not be filed in the office of the secretary of state, nor published, until the chief administrative law judge determines that the defects have been corrected or, if applicable, that the agency has satisfied the rule requirements for the adoption of a substantially different rule.

(c) If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the legislative coordinating commission and to the house of representatives and senate policy committees with primary jurisdiction over state governmental operations for the commission's advice and comment. The agency may not adopt the rule until it has received and considered the advice of the commission and committees. However, the agency is not required to wait for the commission's advice for more than 60 days after the commission has and committees have received the agency's submission.

(d) The administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the administrative law judge finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Sec. 4. [14.3691] [RULE REVIEW AND LEGISLATIVE OVERSIGHT.]

Subdivision 1. [REPORTS.] An entity whose rules are scheduled for review under this section must report to the governor and the appropriate committees of the legislature by August 1 of the year before the legislative session in which the entity's rules are scheduled for review. The speaker of the house of representatives and the senate committee on rules and administration shall designate the appropriate committees to receive these reports. The report must: (1) list any rules that the entity recommends for repeal; (2) list and briefly describe the rationale for rules that the entity believes should remain in effect; and (3) suggest any changes in rules that would improve the agency's ability to meet the regulatory objectives prescribed by the legislature, while reducing any unnecessary burdens on regulated parties. Any costs of preparing this report must be absorbed within funds otherwise appropriated to the entity.

Subd. 2. [SCHEDULE.] (a) Rules of the administration department, agriculture department, children, families, and learning department, commerce department, corrections department, economic security department, employee relations department, and health department will be reviewed before and during the legislative session in 2002. Policies and procedures of the board of trustees of the Minnesota state colleges and universities that would be rules if they were not exempt from chapter 14 will be reviewed before and during the legislative session in 2002.

(b) Rules of the environmental assistance office, board of teaching, housing finance agency, human rights department, human services department, labor and industry department, and mediation services bureau will be reviewed before and during the legislative session in 2003.

(c) Rules of the natural resources department, pollution control agency, public safety department, public service department, and revenue department will be reviewed before and during the legislative session in 2004.

(d) Rules of the state planning agency, trade and economic development department, transportation department, and veterans affairs department will be reviewed before and during the legislative session in 2005.

Subd. 3. [EXPIRATION.] This section expires June 30, 2005.

Sec. 5. [RULES TASK FORCE.]

A rules task force of eight members is created. The governor must appoint four members. The task force also includes one member each from the minority and majority caucus in the house of representatives and the senate. House members must be appointed by the speaker. Senate members must be appointed by the committee on rules and administration. The member of the majority caucus appointed by the speaker of the house of representatives must convene the first meeting. The members of the task force must elect a chair. The legislative coordinating commission and an agency designated by the governor must provide staff assistance and administrative support for the task force within existing appropriations. The task force must study and make recommendations to the governor and the legislature by January 15, 2001, on issues relating to review of agency rules. The recommendations must include, but are not limited to:

(1) a process to be used by agencies, the governor, and the legislature to identify and prioritize rules and related laws and programs that will be subject to legislative review;

(2) a process by which the legislature will review rules and related laws and programs identified under clause (1);

(3) the estimated agency and legislative time and resources required for review of rules and related laws and programs under the processes recommended under clauses (1) and (2);

(4) the effect of possible repeal of agency rules on the state budget and any loss of benefits to citizens of the state resulting from such a repeal;

(5) the desirability of changes in the rulemaking requirements of the Administrative Procedure Act, given increased legislative scrutiny of rules; and

(6) an analysis of ways to ensure or encourage compliance with state policies and goals using methods other than rulemaking, such as administrative penalty orders, descriptive guidelines, best management practices, compliance incentives, technical assistance, training, and procedural templates.

In making its recommendations, the task force must consult with interested parties, and must consider relevant state and federal laws and commitments. The task force is subject to Minnesota Statutes, section 471.705. The task force expires June 30, 2001.

Sec. 6. [TEACHER PREPARATION PROGRAMS.]

The state board of teaching must consult with representatives of faculty and administrators from Minnesota post-secondary institutions that have teacher preparation programs. The state board of teaching must report to the governmental operations and education committees of the legislature by January 15, 2001, on these institutions' opinions on the rules relating to institution and teacher preparation program approval.

Sec. 7. [REPEALER.]

(a) Minnesota Rules parts 1200.0200, 1200.0300, 1250.0200, 1250.0300, 1250.0400, 1250.0500, 1250.0600, 1250.0700, 1250.0800, 1250.0900, 1250.1000, 1250.1100, 1250.1200, 1265.0100, 1265.0200, 1265.0300, 1265.0400, 1265.0500, and 1265.0600, are repealed.

(b) Minnesota Rules, parts 1555.2205, 1555.2210, 1555.2220, 1555.2225, 1555.2230, 1555.2240, 1555.2250, 1555.2260, 1555.2270, 1555.2280, 1555.2290, 1555.2300, 1555.2310, 1555.2320, 1555.2330, 1555.2340, 1555.2350, 1555.2360, 1555.2370, 1555.2380, 1555.2390, 1555.2400, 1555.2410, 1555.2440, 1555.2450, 1555.2460, 1555.2470, 1555.2480, 1555.2490, 1555.2500, 1555.2510, 1555.2520, 1555.2530, 1555.2540, 1555.2550, 1555.2560, 1555.2570, 1555.2580, 1555.2590, 1555.2600, 1555.2610, 1555.2620, 1555.2630, 1555.2640, 1555.2650, 1555.2660, 1555.2670, 1555.2680, 1555.2690, 1555.2700, 1555.2710, 1555.2720, 1555.2730, 1555.2740, 1555.2750, 1555.2760, 1555.2770, 1555.2780, 1555.2790, 1555.2800, 1555.2810, 1555.2820, 1555.2830, 1555.2840, 1555.2850, 1555.2860, 1555.2870, 1555.2880, 1555.2890, 1555.2900, 1555.2910, 1555.3000, 1555.3010, 1555.3020, 1555.3030, 1555.3040, 1555.3050, 1555.3060, 1555.3070, 1555.3080, 1555.3090, 1555.3100, 1555.3110, 1555.3120, 1555.3130, 1555.3140, 1555.3150, 1555.3160, 1555.3170, 1555.3180, 1555.3190, 1555.3200, 1555.3210, 1555.3220, 1555.3230, 1555.3240, 1555.3250, 1555.3260, 1555.3270, 1555.3280, 1555.3290, 1555.3300, 1555.3310, 1555.3320, 1555.3330, 1555.3340, 1555.3350, 1555.3360, 1555.3370, 1555.3380, 1555.3390, 1555.3400, 1555.3410, 1555.3420, 1555.3430, 1555.3440, 1555.3450, 1555.3460, 1555.3470, 1555.3480, 1555.3490, 1555.3500, 1555.3510, 1555.3520, 1555.3530, 1555.3540, 1555.3550, 1555.3560, 1555.3570, 1555.3580, 1555.3590, 1555.3600, 1555.3610, 1555.3620, 1555.3630, 1555.3640, 1555.3650, 1555.3660, 1555.3680, 1555.3700, 1555.3720, 1555.3730, 1555.3750, 1555.3770, 1555.3780, 1555.3790, 1555.3800, 1555.3830, 1555.3850, 1555.3860, 1555.3870, 1555.3880, 1555.3890, 1555.3900, 1555.3910, 1555.3920, 1555.3990, 1555.4000, 1555.4100, and 1555.4110, are repealed.

(c) Minnesota Rules parts 7402.0100, 7402.0200, 7402.0300, 7402.0400, and 7402.0500, are repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 3, 5, and 6 are effective the day following final enactment. Section 7, paragraphs (a) and (b) are effective July 1, 2000.

Delete the title and insert:

"A bill for an act relating to state government; authorizing legislative governmental operations committees to formally object to administrative rules; modifying the review of proposed rules; providing for the review and repeal of certain administrative rules; creating a rules task force; providing appointments; requiring a report on teacher preparation programs; amending Minnesota Statutes 1998, sections 3.842, subdivision 4a; and 14.15, subdivision 4; Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 14; repealing Minnesota Rules, parts 1200.0200; 1200.0300; 1250.0200; 1250.0300; 1250.0400; 1250.0500; 1250.0600; 1250.0700; 1250.0800; 1250.0900; 1250.1000; 1250.1100; 1250.1200; 1265.0100; 1265.0200; 1265.0300; 1265.0400; 1265.0500; 1265.0600; 1555.2205 to 1555.2410; 1555.2440 to 1555.3920; 1555.3990 to 1555.4110; 7402.0100; 7402.0200; 7401.0300; 7402.0400; and 7402.0500.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) John C. Hottinger, Don Betzold, Dan Stevens

House Conferees: (Signed) Marty Seifert, Jim Rhodes, Gene Pelowski, Jr.

Senator Hottinger moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3234 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 3234 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2845 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON 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 peace officers to transport alleged truants from the child's home to school or to a truancy service center; authorizing retailers to seize false identification; amending Minnesota Statutes 1998, sections 171.171; 340A.702; and 609.685, subdivisions 1a, 2, and 3; Minnesota Statutes 1999 Supplement, sections 260B.235, subdivision 4; 260C.143, subdivision 4; and 340A.503, subdivision 6.

May 4, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2845, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2845 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 171.171, is amended to read:

171.171 [SUSPENSION; ILLEGAL PURCHASE OF ALCOHOL OR TOBACCO.]

The commissioner shall suspend for a period of 90 days the license of a person who:

(1) is under the age of 21 years and is convicted of purchasing or attempting to purchase an alcoholic beverage in violation of section 340A.503 if the person used a license or, Minnesota identification card, or any type of false identification to purchase or attempt to purchase the alcoholic beverage;

(2) is convicted under section 171.22, subdivision 1, clause (2), or 340A.503, subdivision 2, clause (3), of lending or knowingly permitting a person under the age of 21 years to use the person's license or, Minnesota identification card, or other type of identification to purchase or attempt to purchase an alcoholic beverage;

(3) is under the age of 18 years and is found by a court to have committed a petty misdemeanor under section 609.685, subdivision 3, if the person used a license or, Minnesota identification card, or any type of false identification to purchase or attempt to purchase the tobacco product; or

(4) is convicted under section 171.22, subdivision 1, clause (2), of lending or knowingly permitting a person under the age of 18 years to use the person's license or, Minnesota identification card, or other type of identification to purchase or attempt to purchase a tobacco product.

Sec. 2. Minnesota Statutes 1999 Supplement, section 260B.235, subdivision 4, is amended to read:

Subd. 4. [DISPOSITIONS.] If the juvenile court finds that a child is a petty offender, the court may:

- (a) require the child to pay a fine of up to \$100;
- (b) require the child to participate in a community service project;
- (c) require the child to participate in a drug awareness program;
- (d) place the child on probation for up to six months;
- (e) order the child to undergo a chemical dependency evaluation and if warranted by this evaluation, order participation by the child in an outpatient chemical dependency treatment program;
- (f) order the child to make restitution to the victim; or
- (g) perform any other activities or participate in any other outpatient treatment programs deemed appropriate by the court.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase

an alcoholic beverage in violation of section 340A.503, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit or, Minnesota identification card, or any type of false identification to purchase or attempt to purchase the alcoholic beverage, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase tobacco in violation of section 609.685, subdivision 3, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit, or Minnesota identification card, or any type of false identification to purchase or attempt to purchase tobacco, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

None of the dispositional alternatives described in clauses (a) to (f) shall be imposed by the court in a manner which would cause an undue hardship upon the child.

Sec. 3. Minnesota Statutes 1999 Supplement, section 340A.503, subdivision 6, is amended to read:

Subd. 6. [PROOF OF AGE; DEFENSE; SEIZURE OF FALSE IDENTIFICATION.] (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

- (1) a valid driver's license or identification card issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed person;
- (2) a valid military identification card issued by the United States Department of Defense;
- (3) a valid passport issued by the United States; or
- (4) in the case of a foreign national, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

(c) A licensed retailer or municipal liquor store may seize a form of identification listed under paragraph (a) if the retailer or municipal liquor store has reasonable grounds to believe that the form of identification has been altered or falsified or is being used to violate any law. A retailer or municipal liquor store 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.

Sec. 4. Minnesota Statutes 1998, section 340A.702, is amended to read:

340A.702 [GROSS MISDEMEANORS.]

It is a gross misdemeanor:

- (1) to sell an alcoholic beverage without a license authorizing the sale;
- (2) for a licensee to refuse or neglect to obey a lawful direction or order of the commissioner or the commissioner's agent, withhold information or a document the commissioner calls for examination, obstruct or mislead the commissioner in the execution of the commissioner's duties or swear falsely under oath;
- (3) to violate the provisions of sections 340A.301 to 340A.312;
- (4) to violate the provisions of section 340A.508;
- (5) for any person, partnership, or corporation to knowingly have or possess direct or indirect

interest in more than one off-sale intoxicating liquor license in a municipality in violation of section 340A.412, subdivision 3;

(6) to sell or otherwise dispose of intoxicating liquor within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision and control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(7) to violate the provisions of section 340A.502;

(8) except as otherwise provided in section 340A.701, to violate the provisions of section 340A.503, subdivision 2, clause (1) or (3);

(9) to withhold any information, book, paper, or other thing called for by the commissioner for the purpose of an examination;

(10) to obstruct or mislead the commissioner in the execution of the commissioner's duties; or

(11) to swear falsely concerning any matter stated under oath; or

(12) to violate the provisions of section 340A.503, subdivision 5, after having been convicted previously of violating section 340A.503, subdivision 5.

Sec. 5. Minnesota Statutes 1998, section 609.685, subdivision 1a, is amended to read:

Subd. 1a. ~~[GROSS MISDEMEANOR PENALTY TO SELL.]~~ (a) Whoever sells tobacco to a person under the age of 18 years is guilty of a misdemeanor for the first violation. Whoever violates this subdivision a subsequent time within five years of a previous conviction under this subdivision 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.

Sec. 6. Minnesota Statutes 1998, section 609.685, subdivision 2, is amended to read:

Subd. 2. ~~[MISDEMEANOR OTHER OFFENSES.]~~ (a) Whoever furnishes tobacco or tobacco-related devices to a person under the age of 18 years is guilty of a misdemeanor for the first violation. Whoever violates this paragraph a subsequent time is guilty of a gross misdemeanor.

(b) A person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco-related devices and who uses a driver's license, permit, Minnesota identification card, or any type of false identification to misrepresent the person's age, is guilty of a misdemeanor.

Sec. 7. Minnesota Statutes 1998, section 609.685, subdivision 3, is amended to read:

Subd. 3. ~~[PETTY MISDEMEANOR.]~~ Except as otherwise provided in subdivision 2, whoever possesses, smokes, chews, or otherwise ingests, purchases, or attempts to purchase tobacco or tobacco related devices and is under the age of 18 years is guilty of a petty misdemeanor. This subdivision does not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco related devices while under the direct supervision of a responsible adult for training, education, research, or enforcement purposes.

Sec. 8. Minnesota Statutes 1999 Supplement, section 609.685, subdivision 5, is amended to read:

Subd. 5. ~~[EXCEPTION EXCEPTIONS.]~~ (a) Notwithstanding subdivision 2, an Indian may furnish tobacco to an Indian under the age of 18 years if the tobacco is furnished as part of a traditional Indian spiritual or cultural ceremony. For purposes of this subdivision paragraph, an Indian is a person who is a member of an Indian tribe as defined in section 260.755, subdivision 12.

(b) The penalties in this section do not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco-related devices while under the direct supervision of a responsible adult for training, education, research, or enforcement purposes.

Sec. 9. Minnesota Statutes 1998, section 609.685, is amended by adding a subdivision to read:

Subd. 6. [SEIZURE OF FALSE IDENTIFICATION.] A retailer may seize a form of identification listed in section 340A.503, subdivision 6, if the retailer has reasonable grounds to believe that the form of identification has been altered or falsified or is being used to violate any law. A retailer that seizes a form of identification as authorized under this subdivision shall deliver it to a law enforcement agency within 24 hours of seizing it.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective August 1, 2000, and apply to violations occurring on or after that date."

Delete the title and insert:

"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 1a, 2, 3, and by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 260B.235, subdivision 4; 340A.503, subdivision 6; and 609.685, subdivision 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) David L. Knutson, Ember R. Junge, John C. Hottinger

House Conferees: (Signed) Peggy Leppik, Ann H. Rest, Dan Dorman

Senator Knutson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2845 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2845 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 46 and nays 6, as follows:

Those who voted in the affirmative were:

Belanger	Janezich	Larson	Pappas	Scheid
Berg	Johnson, D.E.	Lesewski	Pariseau	Spear
Betzold	Johnson, D.H.	Limmer	Piper	Stevens
Day	Johnson, D.J.	Lourey	Price	Vickerman
Dille	Junge	Marty	Ranum	Wiger
Flynn	Kelley, S.P.	Murphy	Ring	Ziegler
Foley	Kiscaden	Neuville	Robertson	
Frederickson	Kleis	Novak	Robling	
Higgins	Knutson	Oliver	Sams	
Hottinger	Krentz	Olson	Samuelson	

Those who voted in the negative were:

Hanson	Laidig	Lessard	Metzen	Terwilliger
Kinkel				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1288 and the Conference Committee Report thereon were reported to the Senate.

SUSPENSION OF RULES

Senator Moe, R.D. moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 1288. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1288

A bill for an act relating to natural resources; exempting trappers from blaze orange requirements; providing that for certain turkey license applicants qualifying land may be noncontiguous; increasing hunting and fishing license fees; appropriating money; amending Minnesota Statutes 1998, sections 97A.435, subdivision 4; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; and 97B.071.

May 8, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1288, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1288 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 17.451, subdivision 2, is amended to read:

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the cervidae family that are:

(1) raised for the purpose of shooting, harvesting, producing fiber, meat, or animal by-products, as pets, or as breeding stock; and

(2) registered in a manner approved by the board of animal health.

Sec. 2. Minnesota Statutes 1998, section 17.452, subdivision 5, is amended to read:

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] Raising farmed cervidae is agricultural production and an agricultural pursuit, which may include the sale of farmed cervidae to a person for personal consumption. Personal consumption may include the harvesting of farmed cervidae by firearms or archery on a licensed shooting preserve.

Sec. 3. Minnesota Statutes 1998, section 17.452, subdivision 8, is amended to read:

Subd. 8. [SLAUGHTER.] Farmed cervidae that are to be sold for commercial meat purposes must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352. Farmed cervidae taken by firearms or archery on a licensed shooting preserve must be handled and processed in the same manner as wild cervidae.

Sec. 4. [17.4521] [ELK SHOOTING PRESERVES.]

Subdivision 1. [FEES FOR SHOOTING PRESERVES.] (a) A person may not operate an elk shooting preserve without a license. The fee for an elk shooting preserve license is \$900 annually. The fee shall be deposited in the game and fish fund and is annually appropriated to the commissioner of natural resources for the purposes of this program.

(b) Shooting preserve licenses issued under this subdivision expire on the last day of March.

Subd. 2. [SHOOTING PRESERVE APPLICATION.] The commissioner may license up to ten elk shooting preserves in the state. An application for an elk shooting preserve license must be filed with the commissioner. The application must include a legal description of the shooting preserve land, number of acres, species to be harvested, and other necessary information prescribed by the commissioner.

Subd. 3. [GAME AVAILABLE.] Game that may be released and harvested in a licensed elk shooting preserve must be specified in the license and are limited to species raised as farmed elk under sections 17.451 and 17.452. Only farmed elk from herds in the accredited program of the board of animal health may be transported to and released in a licensed elk shooting preserve.

Subd. 4. [LOCATION; SIZE OF PRESERVE.] A shooting preserve must be separated from any farmed elk breeding pens or pastures. A shooting preserve must be contiguous and contain at least 320 acres but no more than 960 acres, including any water area, and must have areas of cover to provide for concealment of the elk sufficient to prevent the elk from being visible in all parts of the preserve at one time and must afford elk the chance of escape from pursuit by patrons of the shooting preserve.

Subd. 5. [POSTING OF BOUNDARIES.] The boundaries of a shooting preserve must be clearly posted in a manner prescribed by the commissioner. The operator must post signs around the entire perimeter of the preserve at intervals not to exceed 500 feet.

Subd. 6. [FENCING AND ENCLOSURES.] All perimeter fencing must be paid for and maintained by the licensee and comply with farmed elk requirements in section 17.452.

Subd. 7. [REMOVAL OF ALL WILD CERVIDAE.] To the extent practicable, all wild cervidae must be removed from the shooting preserve property at the owner's expense prior to final issuance of the shooting preserve license. After the owner's removal efforts are completed, the commissioner shall determine the number and type of wild cervidae remaining on the shooting preserve property. The shooting preserve operator shall pay the restitution value, adopted under section 97A.345, for each wild cervidae remaining on the shooting preserve property. Payment of the restitution value does not convey ownership of the animals to the shooting preserve. The hunting of deer is not allowed in the elk shooting preserve except as allowed during regular deer hunting season by licensed deer hunters. No deer may be released into an elk shooting preserve. Money received under this subdivision shall be credited to the game and fish fund.

Subd. 8. [REVOCAION OF LICENSE.] The commissioner may revoke a shooting preserve license if the licensee or persons authorized to harvest in the shooting preserve have been convicted of a violation under this section. After revocation, a new license may be issued at the discretion of the commissioner.

Subd. 9. [HUNTING LICENSE NOT REQUIRED.] A hunting license is not required to harvest authorized species of elk on a licensed shooting preserve.

Subd. 10. [SEASON.] (a) The open season for harvesting in a shooting preserve is August 15 through March 31.

(b) The commissioner may restrict the open season after receiving a complaint, holding a public hearing, and finding that the population of a particular species of wild elk is harmed by harvesting in the shooting preserve.

Subd. 11. [WEAPONS LIMITATIONS.] A person may harvest farmed elk on a shooting preserve by archery or firearms authorized by law to take wild elk or deer in the same area.

Subd. 12. [LICENSEE MAY ESTABLISH RESTRICTIONS.] A shooting preserve licensee is responsible for determining who is allowed to harvest in the preserve. In each preserve, the licensee may establish the charge for harvesting elk, the shooting hours, the season, weapon limitations, and restrictions on the age, sex, and number of each species that may be harvested by the hunter. These provisions may not conflict with this section and may not be less restrictive than any rule.

Subd. 13. [IDENTIFICATION AND MARKING OF ELK.] All elk must be identified by permanent tattoo, electronic implant, or other means of identification that comply with section 17.452.

Subd. 14. [MARKING HARVESTED ELK.] Harvested elk must be tagged in accordance with or identified by the shooting preserve operator in a manner prescribed by the commissioner. The commissioner may issue the harvest tags or other markings at a cost not to exceed \$25 each. The harvest tag must remain attached on the elk while the elk is transported. All money from the sale of the tags shall be deposited in the general fund and is annually appropriated to the commissioner of agriculture to administer this subdivision.

Subd. 15. [RECORDKEEPING.] A shooting preserve must maintain a registration book listing the names, addresses, telephone numbers, and all applicable hunting license numbers of all patrons of the shooting preserve, the date when they harvested, the amount and species of elk taken, and the harvest tag numbers or other markings affixed to each harvested animal. A shooting preserve must keep records of the number of each elk raised and purchased, the number of elk released, and the date of release. An annual report shall be made to the commissioner by the date herd registration is required. The records must be open to inspection by the commissioner at all reasonable times.

Subd. 16. [ELK DEFINITION.] For the purposes of this section, "elk" means North American elk and does not include red deer or North American elk hybrids.

Sec. 5. 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. 6. 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 who 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.

Sec. 7. Minnesota Statutes 1998, section 97A.441, subdivision 7, is amended to read:

Subd. 7. [OWNERS OR TENANTS OF AGRICULTURAL LAND.] (a) The commissioner may issue, without an additional fee, a license to take additional an antlerless deer with firearms under section 97B.301, subdivision 4, to a person who is an owner or tenant and lives is living and actively farming on at least ten 80 acres of agricultural land, as defined in section 97B.001, in an area where the commissioner has made these licenses available. Landowners and tenants applying for a license under this subdivision must receive preference over other applicants for the licenses deer permit areas that have deer archery licenses to take additional deer under section 97B.301, subdivision 4. A person may receive only one license per year under this subdivision. For properties with coowners or cotenants, only one coowner or cotenant may receive a license under this subdivision per year. The license issued under this subdivision is restricted to the land owned or leased by the holder of the license within the permit area where the qualifying land is located. The holder of the license may transfer the license to the holder's spouse or dependent. Notwithstanding sections 97A.415, subdivision 1, and 97B.301, subdivision 2, the holder of the license may purchase an additional license for taking deer and may take an additional deer under that license.

(b) ~~Persons~~ A person who obtain obtains a license under paragraph (a) must allow public deer hunting on their land during that deer hunting season, with the exception of the first Saturday and Sunday during the deer hunting season applicable to the license issued under section 97A.475, subdivision 2, clause (4).

Sec. 8. Minnesota Statutes 1998, section 97A.445, subdivision 1, is amended to read:

Subdivision 1. [ANGLING; TAKE A KID FISHING WEEKEND.] A resident over age 18 may take fish by angling without a license during one Saturday and Sunday three-day consecutive period of the angling season designated by rule of the commissioner if accompanied by a child who is under age 16. The commissioner shall publicize the Saturday and Sunday three-day period as "Take a Kid Fishing Weekend."

Sec. 9. Minnesota Statutes 1998, section 97A.475, subdivision 2, is amended to read:

Subd. 2. [RESIDENT HUNTING.] Fees for the following licenses, to be issued to residents only, are:

- (1) for persons under age 65 to take small game, \$10;
- (2) for persons age 65 or over, \$5;
- (3) to take turkey, \$16;
- (4) to take deer with firearms, \$22;
- (5) to take deer by archery, \$22;
- (6) to take moose, for a party of not more than six persons, \$275;
- (7) to take bear, \$33;
- (8) to take elk, for a party of not more than two persons, \$220;
- (9) to take antlered deer in more than one zone, \$44; and
- (10) to take Canada geese during a special season, \$3; and

(11) to take an antlered buck throughout the state in any open deer season, except as restricted under section 97B.305, \$66.

Sec. 10. Minnesota Statutes 1998, section 97B.015, is amended by adding a subdivision to read:

Subd. 6. [PROVISIONAL CERTIFICATE FOR PERSONS WITH MENTAL RETARDATION OR A RELATED CONDITION.] Upon the recommendation of a course instructor, the commissioner may issue a provisional firearms safety certificate to a person who satisfactorily completes the classroom portion of the firearms safety course but is unable to pass the written or an alternate format exam portion of the course because of mental retardation or a related condition as defined in section 97B.1055, subdivision 1. The certificate is valid only when used according to section 97B.1055.

Sec. 11. Minnesota Statutes 1998, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. [FIREARMS AND AMMUNITION THAT MAY BE USED TO TAKE BIG GAME.] (a) A person may take big game with a firearm only if:

- (1) the rifle, shotgun, and handgun used is a caliber of at least .23 inches;
 - (2) the firearm is loaded only with single projectile ammunition;
 - (3) a projectile used is a caliber of at least .23 inches and has a soft point or is an expanding bullet type;
 - (4) the ammunition has a case length of at least 1.285 inches;
 - (5) the muzzle-loader used is incapable of being loaded at the breech;
 - (6) the smooth-bore muzzle-loader used is a caliber of at least .45 inches; and
 - (7) the rifled muzzle-loader used is a caliber of at least .40 inches.
- (b) A person may not take big game with a .30 caliber M-1 carbine cartridge.
- (c) Notwithstanding paragraph (a), clause (4), a person may take big game with a ten millimeter cartridge that is at least 0.95 inches in length and may take big game with a .45 Winchester Magnum cartridge.

Sec. 12. Minnesota Statutes 1998, section 97B.051, is amended to read:

97B.051 [TRANSPORTATION OF ARCHERY BOWS.]

Except as specified under section 97B.055, subdivision 2, a person may not transport an archery bow in a motor vehicle unless the bow is:

- (1) unstrung;
- (2) completely contained in a case; or
- (3) in the closed trunk or rear-most enclosed portion of a motor vehicle that is not accessible from the passenger compartment.

Sec. 13. Minnesota Statutes 1998, section 97B.071, is amended to read:

97B.071 [BLAZE ORANGE REQUIREMENTS.]

(a) Except as provided in rules adopted under paragraph (c), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange. Blaze orange includes a camouflage pattern of at least 50 percent blaze orange within each foot square. This section does not apply to migratory waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (c), and in addition to the requirement

in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except when hunting with nontoxic shot or while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange. This paragraph does not apply to a person hunting by falconry.

(c) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law Number 103-141.

(d) A violation of paragraph (b) shall not result in a penalty, but is punishable only by a safety warning.

Sec. 14. [97B.1055] [HUNTING BY PERSONS WITH MENTAL RETARDATION OR A RELATED CONDITION.]

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 97B.015, subdivision 6, "person with mental retardation or a related condition" means a person who has been diagnosed as having substantial limitations in present functioning, manifested as significantly subaverage intellectual functioning, existing concurrently with demonstrated deficits in adaptive behavior, and who manifests these conditions before the person's 22nd birthday. A person with a related condition means a person who meets the diagnostic definition under section 252.27, subdivision 1a.

Subd. 2. [OBTAINING A LICENSE.] (a) Notwithstanding section 97B.020, a person with mental retardation or a related condition may obtain a firearms hunting license with a provisional firearms safety certificate issued under section 97B.015, subdivision 6.

(b) Any person accompanying or assisting a person with mental retardation or a related condition under this section must possess a valid firearms safety certificate issued by the commissioner.

Subd. 3. [ASSISTANCE REQUIRED.] A person who obtains a firearms hunting license under subdivision 2 must be accompanied and assisted by a parent, guardian, or other adult person designated by a parent or guardian when hunting. A person who is not hunting but is solely accompanying and assisting a person with mental retardation or a related condition need not obtain a hunting license.

Subd. 4. [PROHIBITED ACTIVITIES.] (a) This section does not entitle a person to possess a firearm if the person is otherwise prohibited from possessing a firearm under state or federal law or a court order.

(b) No person shall knowingly authorize or permit a person, who by reason of mental retardation or a related condition is incapable of safely possessing a firearm, to possess a firearm to hunt in the state or on any boundary water of the state.

Sec. 15. Minnesota Statutes 1998, section 97B.301, is amended by adding a subdivision to read:

Subd. 7. [ALL SEASON BUCK LICENSE.] A resident may obtain an all season buck license to take one buck by firearm or archery during any season statewide. A person obtaining an all season buck license does not qualify for hunting under subdivision 3 or 4.

Sec. 16. Minnesota Statutes 1998, section 97C.001, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION; DESIGNATION.] (a) Experimental waters are lakes and streams where special regulations are used and evaluated to meet a specific fisheries objective.

(b) The commissioner may designate any waters of the state having free access to the public as experimental waters. The designated experimental waters may not exceed ~~400~~ 200 lakes and ~~25~~ 50 streams at one time. For all experimental waters, the commissioner shall develop an evaluation plan and specify a termination date. On the termination date, the commissioner shall vacate or extend the experimental waters designation, or designate the experimental waters as special

management waters under section 97C.005. The commissioner shall by rule establish methods and criteria for public initiation of experimental waters designation and for public participation in the evaluation of the waters designated.

(c) Designation of experimental waters under this section is not subject to chapter 14.

Sec. 17. Minnesota Statutes 1998, section 97C.081, subdivision 2, is amended to read:

Subd. 2. [~~CONTESTS WITHOUT A PERMIT.~~] A person may conduct a fishing contest with entry fees of \$10, or less, per person and total prizes valued at \$2,000, or less, without a permit from the commissioner: provided:

(1) the following criteria are met:

(i) there are 30 participants or less for open water contests and 150 participants or less for ice fishing contests;

(ii) the entry fee is \$25 per person or less;

(iii) the total prize value is \$25,000 or less; and

(iv) the contest is not limited to trout species only;

(2) the following criteria are met:

(i) the contest is not limited to specifically named waters; and

(ii) the contest is not limited to trout species only; or

(3) all the contest participants are age 18 years or under.

Sec. 18. Minnesota Statutes 1998, section 97C.081, subdivision 3, is amended to read:

Subd. 3. [~~CONTESTS AUTHORIZED BY COMMISSIONER REQUIRING A PERMIT.~~] ~~The commissioner may, by rule or permit, allow fishing contests with entry fees over \$10 per person or total prizes valued at more than \$2,000.~~ (a) A person must have a permit from the commissioner to conduct a fishing contest that does not meet the criteria in subdivision 2. Permits shall be issued without a fee.

(b) If entry fees are over \$25 per person, or total prizes are valued at more than \$25,000, and if the applicant has either:

(1) not previously conducted a fishing contest requiring a permit under this subdivision; or

(2) ever failed to make required prize awards in a fishing contest conducted by the applicant, the commissioner may require the applicant to furnish the commissioner evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of \$25,000. Permits must be issued without a fee and if the commissioner does not deny the permit within 14 days, excluding holidays, after receipt of an application, the permit is granted.

Sec. 19. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 6. [~~PERMIT APPLICATION PROCESS.~~] (a) Beginning September 1 each year, the commissioner shall accept permit applications for fishing contests to be held in the following year.

(b) If the number of permit applications received by the commissioner from September 1 through the last Friday in October exceeds the limits specified in subdivisions 7 and 8, the commissioner shall notify the affected applicants that their requested locations and time period are subject to a drawing. After notification, the commissioner shall allow the affected applicants a minimum of seven days to change the location or time period requested on their applications, provided that the change is not to a location or time period for which applications are already at or above the limits specified in subdivisions 7 and 8.

(c) After the applicants have been given at least seven days to change their applications, the commissioner shall conduct a drawing for all locations and time periods for which applications exceed limits. First preference in the drawings shall be given to applicants for established or traditional fishing contests, and second preference to applicants for contests that are not established as traditional fishing contests based on the number of times they have been unsuccessful in previous drawings. Except for applicants of established or traditional fishing contests, an applicant who is successful in a drawing loses all accumulated preference.

(d) The commissioner has until December 7 to approve or deny permit applications that are submitted by 4:30 p.m. on the last Friday in October. The commissioner may approve a permit application that is received after 4:30 p.m. on the last Friday in October if approving the application would not result in exceeding the limits in subdivisions 7 and 8.

Sec. 20. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 7. [WEEKEND LIMITATIONS.] (a) On all waters 55,000 acres or less, the commissioner may ensure that each of the state's waters has at least two weekends per month with no permitted fishing contests.

(b) Unless otherwise authorized by the commissioner, permitted fishing contests that are conducted for more than one day may not include more than one weekend day from Memorial Day weekend through Labor Day weekend.

(c) The commissioner may not approve permits for fishing contests on a weekend with a fishing season opener if the contest targets a species for which the season is opening.

Sec. 21. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 8. [LIMITS ON NUMBER OF FISHING CONTESTS.] (a) The number of permitted fishing contests allowed each month on a water body shall not exceed the following limits:

	<u>Maximum number of permitted fishing contests</u>	<u>Maximum number of large permitted fishing contests</u>	<u>Maximum number of permitted fishing contest days</u>
<u>Size/acres</u>			
<u>less than</u>			
<u>2,000</u>	<u>2</u>	<u>0</u>	<u>4</u>
<u>2,000-4,999</u>	<u>3</u>	<u>1</u>	<u>6</u>
<u>5,000-14,999</u>	<u>4</u>	<u>2</u>	<u>8</u>
<u>15,000-55,000</u>	<u>5</u>	<u>3</u>	<u>10</u>
<u>more than</u>			
<u>55,000</u>	<u>no limit</u>	<u>no limit</u>	<u>no limit</u>

(b) For boundary waters, the limits on the number of permitted fishing contests shall be determined based on the Minnesota acreage.

Sec. 22. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 9. [PERMIT RESTRICTIONS.] (a) The commissioner may require fishing contest permittees to limit prefishing to week days only as a condition of a fishing contest permit. The commissioner may require proof from permittees that prefishing restrictions on the permit are communicated to fishing contest participants and enforced.

(b) The commissioner may require permit restrictions on the hours that a permitted fishing contest is conducted, including, but not limited to, starting and ending times.

(c) The commissioner may require permit restrictions on the number of parking spaces that may be used on a state-owned public water access site. The commissioner may require proof from

permittees that parking restrictions on the permit are communicated to fishing contest participants and enforced.

(d) To prevent undue loss of fish, the commissioner may require restrictions for off-site weigh-ins on a fishing contest permit or may deny permits requesting an off-site weigh-in.

(e) A person may not transfer a fishing contest permit to another person.

(f) Failure to comply with fishing contest permit restrictions may be considered grounds for denial of future permit applications.

Sec. 23. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 10. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given:

(a) "Permitted fishing contest" means an open water fishing contest or ice fishing contest that requires a permit from the commissioner under subdivision 3.

(b) "Large permitted fishing contest" means an open water fishing contest with more than 50 boats or more than 100 participants that requires a permit from the commissioner under subdivision 3.

(c) "Participant" means a person who is taking part in a fishing contest.

(d) "Permitted fishing contest day" means a day on a water body where a permitted fishing contest is held. Two permitted fishing contests that are held on the same water body on the same day count as two permitted fishing contest days.

(e) "Off-site weigh-in" means a weigh-in of fish from a fishing contest at a location that is not adjacent to the waters listed on the fishing contest permit.

(f) "Prefishing" means fishing by participants of a permitted fishing contest prior to the scheduled dates of the contest on waters listed on the fishing contest permit.

Sec. 24. Minnesota Statutes 1998, section 97C.335, as amended by Laws 2000, chapter 308, section 1, is amended to read:

97C.335 [USE OF ARTIFICIAL LIGHTS TO TAKE FISH PROHIBITED.]

A person may not use artificial lights to lure or attract fish or to see fish in the water while spearing, except that ~~an angler may use a lighted fishing lure while angling,~~ a person may affix to the end of a fishing line a lighted artificial bait with hooks attached. Any battery that is used in lighted fishing lures cannot contain any intentionally introduced mercury.

Sec. 25. [APPROPRIATIONS.]

\$200,000 is appropriated from the state forest suspense account to the commissioner of natural resources for transfer to the University of Minnesota Duluth for the purpose of funding the inventory conducted pursuant to this section and is available until expended. Because the University of Minnesota is a land grant university, and because most of the state-owned land to be inventoried is granted land, the chancellor of the University of Minnesota Duluth is requested to direct the School of Business and Economics to conduct an inventory of state-owned land located within the Boundary Waters Canoe Area for the purpose of providing the legislature and state officers with more precise information as to the nature, extent, and value of the land. The inventory must include the following: (1) a list of the tracts of state-owned land within the area, together with the available legal description by government tract, insofar as possible; (2) the number of linear feet of shoreline in each tract, together with a general description of that shoreline, whether it is rocky, sandy, or swampy, or some other descriptive system that generally describes the shoreland; (3) the acreage of each tract; (4) a general description of the surface of each tract, including topography and the predominant vegetative cover for each tract and any known unique surface features, such as areas of virgin and other old growth timber; and (5) using

available real estate market value information and accepted real estate valuation techniques, assign estimates of the value for each tract, exclusive of minerals and mineral interests, using each of the real estate valuation techniques adopted for the inventory. For the purposes of this section, "state-owned land" is defined as any class of state-owned land, whether it is granted land such as school, university, swampland, or internal improvement, or whether it is tax-forfeited, acquired, or state-owned land of any other classification. At the request of the university, the commissioner of natural resources shall promptly provide the university with all published maps, whether federal, state, or county, together with a descriptive list of state-owned land in the area, using available legal descriptions, forest inventories, and other factual information, published data, and photographs that are necessary for the university's inventory. From these maps, lists, data, and other information, the university is requested to prepare a report of its inventory. The legislature requests that the University of Minnesota submit the report to the legislature by January 15, 2002.

Sec. 26. [EFFECTIVE DATE.]

Section 24 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; modifying farmed cervidae provisions; providing for elk shooting preserves; modifying separate selection criteria for moose and turkey licenses; exempting trappers from blaze orange requirements; modifying certain licenses issued without a fee; modifying provisions for Take a Kid Fishing weekend; modifying certain provisions for deer hunting licenses; modifying ammunition requirements for taking big game; providing for hunting licenses for persons with mental retardation; modifying provisions for designating experimental waters; modifying provisions for fishing contests; modifying requirements for transporting archery bows; modifying lighted fishing lure provisions; appropriating money for a state land inventory; amending Minnesota Statutes 1998, sections 17.451, subdivision 2; 17.452, subdivisions 5 and 8; 97A.431, subdivision 4; 97A.435, subdivision 4; 97A.441, subdivision 7; 97A.445, subdivision 1; 97A.475, subdivision 2; 97B.015, by adding a subdivision; 97B.031, subdivision 1; 97B.051; 97B.071; 97B.301, by adding a subdivision; 97C.001, subdivision 1; 97C.081, subdivisions 2, 3, and by adding subdivisions; and 97C.335, as amended; proposing coding for new law in Minnesota Statutes, chapters 17 and 97B."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Bob Lessard, LeRoy A. Stumpf

House Conferees: (Signed) Mark William Holsten, Thomas Bakk, Tom Hackbarth

CALL OF THE SENATE

Senator Laidig imposed a call of the Senate for the balance of the proceedings on S.F. No. 1288. The Sergeant at Arms was instructed to bring in the absent members.

Senator Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1288 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1288 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

Berg
Day

Dille
Fischbach

Johnson, D.J.
Kelly, R.C.

Kierlin
Kinkel

Kleis
Langseth

Larson	Moe, R.D.	Pariseau	Scheevel	Ziegler
Lesewski	Murphy	Runbeck	Stevens	
Lessard	Olson	Sams	Stumpf	
Metzen	Ourada	Samuelson	Vickerman	

Those who voted in the negative were:

Anderson	Hanson	Knutson	Oliver	Scheid
Belanger	Higgins	Krentz	Pappas	Solon
Berglin	Hottinger	Laidig	Piper	Spear
Betzold	Janezich	Limmer	Price	Terwilliger
Cohen	Johnson, D.E.	Lourey	Ranum	Wiger
Flynn	Junge	Marty	Ring	
Foley	Kelley, S.P.	Neuville	Robertson	
Frederickson	Kiscaden	Novak	Robling	

So the bill, as amended by the Conference Committee, failed to pass.

RECONSIDERATION

Having voted on the prevailing side, Senator Robling moved that the vote whereby S.F. No. 1288 failed to pass the Senate on May 9, 2000, be now reconsidered. The motion prevailed. So the vote was reconsidered.

RECONSIDERATION

Senator Robling then moved that the vote whereby the Conference Committee Report on S.F. No. 1288 was adopted by the Senate on May 9, 2000, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Senator Lessard moved that S.F. No. 1288 be re-referred to the Conference Committee as formerly constituted for further consideration. The motion prevailed.

SPECIAL ORDERS

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. No. 2489, S.F. Nos. 1716, 3038 and 3000.

SPECIAL ORDER

H.F. No. 2489: A bill for an act relating to bicycles; authorizing local units of government to require purchasers of impounded bicycles to register them as a condition of the sale; amending Minnesota Statutes 1998, section 168C.13, by adding a subdivision.

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 51 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Johnson, D.E.	Kiscaden	Lessard
Belanger	Foley	Johnson, D.H.	Knutson	Lourey
Berg	Frederickson	Kelley, S.P.	Krentz	Marty
Betzold	Higgins	Kelly, R.C.	Laidig	Metzen
Day	Hottinger	Kierlin	Larson	Moe, R.D.
Fischbach	Janezich	Kinkel	Lesewski	Murphy

Neuville	Pariseau	Robertson	Spear	Ziegler
Oliver	Piper	Runbeck	Stevens	
Olson	Pogemiller	Samuelson	Terwilliger	
Ourada	Price	Scheid	Vickerman	
Pappas	Ring	Solon	Wiger	

Those who voted in the negative were:

Dille	Kleis	Limmer	Robling	Sams
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So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1716: A bill for an act relating to consumer protection; regulating the use and dissemination of personally identifiable information on consumers by interactive services providers; prohibiting certain false or misleading commercial electronic mail messages; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 325F; proposing coding for new law as Minnesota Statutes, chapter 13D.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

APPOINTMENTS

Senator Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 3312: Senators Sams, Murphy and Hottinger.

H.F. No. 2516: Senators Kelly, R.C.; Knutson and Spear.

Senator Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

SPECIAL ORDER

S.F. No. 3038: A bill for an act relating to telecommunications; enacting the Telecommunications Consumer Privacy Act; providing for the privacy of telecommunications customer information; requiring consent for disclosure of customer information; providing penalties; amending Minnesota Statutes 1999 Supplement, section 13.99, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

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 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2796 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2796

A bill for an act relating to retirement; 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, subdivision 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.

May 5, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2796, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2796 be further 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 of the actuarial services required, 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 within 30 days following the completion of the actuarial valuation calculations and the experience analysis the end of the fiscal year and must be reported to the executive director of the legislative commission on pensions and retirement and to the chief administrative officers of the applicable retirement plans. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be transmitted to the executive director of the legislative commission on pensions and retirement and 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, if any, is due on May 1, 2003, and subsequent projection valuations are due on May 1 each fourth year thereafter. The commissioner of finance shall assess the applicable statewide and major local retirement plan or 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:

(1) (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 valuation, 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);₂ 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 ~~commission~~ 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 <u>8.5</u>
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 amount increased by 1.0198 percent to prior fiscal year date and by 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 <u>fund</u> retirement plan	assumption C
local government correctional service retirement plan	assumption C <u>H</u>
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption G

select calculation:

during the ten-year select period, 0.2 percent is multiplied by the result of ten 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% 8.20	7.25% 8.20	8.00% 8.00	7.50% 7.25	7.25% 7.7500
17	7.2500 6.90	8.71 6.90	11.50 8.70	7.25 8.15	8.00 8.00	7.50 7.50	7.25 7.7500
18	7.2500 6.85	8.70 6.85	11.50 8.70	7.25 8.10	8.00 8.00	7.50 7.50	7.25 7.7500
19	7.2500 6.80	8.70 6.80	11.50 8.70	7.25 8.05	8.00 8.00	7.50 7.50	7.25 7.7500
20	7.2500 6.75	7.70 6.75	11.50 8.00	7.25 8.00	8.00 8.00	7.50 7.50	7.25 7.7500
21	7.1454 6.70	7.70 6.70	11.50 7.95	7.25 7.95	8.00 8.00	7.50 7.50	7.25 7.1454
22	7.1094 6.65	7.70 6.65	11.00 7.90	7.25 7.90	8.00 8.00	7.50 7.50	7.25 7.0725
24	7.0363 6.66	7.70 6.55	10.00 7.80	7.15 7.80	7.80 7.80	7.30 7.30	7.20 7.0363
25	7.0000 6.50	7.60 6.50	9.50 7.75	7.10 7.75	7.70 7.70	7.20 7.20	7.15 7.0000
26	7.0000 6.45	7.51 6.45	9.20 7.70	7.05 7.70	7.60 7.60	7.10 7.10	7.10 7.0000
27	7.0000 6.40	7.39 6.40	8.90 7.65	7.00 7.65	7.50 7.50	7.00 7.00	7.05 7.0000
28	7.0000 6.35	7.30 6.35	8.60 7.60	7.00 7.60	7.40 7.40	6.90 6.90	7.00 7.0000
29	7.0000 6.30	7.20 6.30	8.30 7.55	7.00 7.55	7.30 7.30	6.80 6.80	6.95 7.0000
30	7.0000 6.25	7.20 6.30	8.00 7.50	7.00 7.50	7.20 7.20	6.70 6.70	6.90 7.0000
31	7.0000 6.20	7.10 6.25	7.80 7.45	7.00 7.45	7.10 7.10	6.60 6.60	6.85 7.0000
32	7.0000 6.15	7.10 6.21	7.60 7.40	7.00 7.40	7.00 7.00	6.50 6.50	6.80 7.0000
33	7.0000 6.10	7.00 6.17	7.40 7.30	7.00 7.30	6.90 6.90	6.40 6.40	6.75 7.0000
34	7.0000 6.05	7.00 6.09	7.20 7.10	7.00 7.10	6.80 6.80	6.30 6.30	6.70 7.0000
35	7.0000 6.00	6.90 6.05	7.00 6.90	7.00 6.90	6.70 6.70	6.20 6.20	6.65 7.0000
36	6.9019 6.95	6.80 6.01	6.80 6.85	7.00 6.85	6.60 6.60	6.10 6.10	6.60 6.9019
37	6.8074 5.90	6.70 5.97	6.60 6.70	7.00 6.70	6.50 6.50	6.00 6.00	6.55 6.8074
38	6.7125 5.85	6.60 5.93	6.40 6.55	6.90 6.55	6.40 6.40	5.90 5.90	6.50 6.7125

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>5.5404</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>

117TH DAY]				TUESDAY, MAY 9, 2000				6645
66	5.2500	5.00	5.25	5.25	5.25	5.00	5.25	
	<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
67	5.2500	5.00	5.25	5.25	5.25	5.00	5.25	
	<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
68	5.2500	5.00	5.25	5.25	5.25	5.00	5.25	
	<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
69	5.2500	5.00	5.25	5.25	5.25	5.00	5.25	
	<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
70	5.2500	5.00	5.25	5.25	5.25	5.00	5.25	
	<u>5.00</u>			<u>5.00</u>				<u>5.2500</u>
71	5.00	5.00		5.00				<u>5.2500</u>
	<u>5.00</u>			<u>5.00</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 actuarial valuation 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; or 354A.31, subdivision 3.

Subd. 2. [RECORDKEEPING; REPORTING.] The chief administrative officer of each retirement plan shall keep records for each reemployed annuitant of the amount of the annuity reduction. This amount must be reported to each member at least once each year.

Subd. 3. [PAYMENT.] (a) Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring one year after the termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of a written application, the retired member is entitled the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus interest at the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

Sec. 11. [REPORT.]

The Minnesota state colleges and universities board shall report to the legislative commission on pensions and retirement by November 15, 2000, on the utilization of the annuitant employment program authorized by Minnesota Statutes, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445. The report must include an evaluation by institutions that have used the program regarding its effectiveness as a human resource management tool.

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.] (a) "Allowable service" means:

~~(a)~~ (1) 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)~~ (2) 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.

(b) 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 general state employees retirement ~~fund~~ plan 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 must be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts. The account must be valued and redeemed on 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 must not be 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~~ subdivision 35 ~~and or~~ 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 must 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 the 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. A coordinated member also means is 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 the 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 the 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 EMPLOYER 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 the person's 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 must 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) (2) the legal names of all new public employees and the effective dates of appointment; (c) 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 appropriate 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, during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's 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 any 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 a 30-day period 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, 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 employment position is periodically assigned to employment duties in the same department that are 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 must not become a member of the public employees police and fire fund plan, but is not subject to the provisions of sections 353.651 to 353.659 unless an election for such coverage is made under section 353.665, subdivision 4.

Sec. 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 is 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 the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the 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 of the 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 of the 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 of the 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 is not eligible to 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 the receipt of adequate 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 the 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 the 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 universities 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 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 credit 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, service 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, service credit must be given for such fractional part of the year as the term period 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 the 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 that 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 that 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 or refund 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 its 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 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 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 age 65 and at that time the payment from the association must be reduced. For each year the retiree is under 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. ~~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.] (4) (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 the receipt of an application for a refund or upon completion of processing the report made pursuant to section 354.52, subdivision 2 the 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 received by 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 must 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 plan 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) (3) ~~The formula percentages~~ 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 plan 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 plan 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 plans 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 plans 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 plan 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 plan'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. The total payment must be equal to the amount that is payable if payments were kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves and future mortality losses or gains must be paid or accrued to the plan from which the service was earned. Each plan 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 if 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, if 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 if 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. [POSTRETIREMENT AND ACTIVE EMPLOYEE HEALTH CARE TASK FORCE.]

(a) The commissioner of employee relations shall convene a task force on postretirement and active employee health care. The task force shall identify strategies for providing postretirement and active employee health care coverage for public employees and make recommendations regarding the most appropriate and efficient manner for providing postretirement and active employee health care.

(b) One-half of the task force membership must be composed of employees and the other half of the membership must be composed of employers. The task force must include, but is not 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, Minnesota service cooperatives, the association of Minnesota counties, the Minnesota association of townships, and the league of Minnesota cities;
 - (10) representatives of the 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:
- (1) alternative methods of providing and paying for postretirement and active employee health care;
 - (2) the estimated cost of providing postretirement and active employee health care under various alternatives, including statewide, regional, or market alternatives;
 - (3) the most efficient administrative structure for providing for postretirement and active employee health care; and
 - (4) issues of adverse selection, cost containment, consumer choice, and options for dealing with other employee concerns.
- (d) The task force shall conduct the study and assemble data in a manner that will provide for the ability to conduct analysis for subsets of the groups being studied by employer and employee types.

Sec. 2. [EFFECTIVE DATE.]

Section 1 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.

(c) "Covered correctional service" also means service as the director or as an assistant group supervisor of the Phoenix/Pomiga treatment/behavior change program of the department of corrections.

Sec. 3. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3f. [ADDITIONAL DEPARTMENT OF HUMAN SERVICES PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center, 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. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3g. [ADDITIONAL CORRECTIONS DEPARTMENT PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at the designated Minnesota correctional facility specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates and the fact of this direct contact is certified to the executive director by the commissioner of corrections.

(b) The employment positions and correctional facilities are:

(1) corrections discipline unit supervisor, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Oak Park Heights, and the Minnesota correctional facility-St. Cloud;

(2) dental assistant registered, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Moose Lake, the Minnesota correctional facility-Oak Park Heights, and the Minnesota correctional facility-Red Wing;

(3) dental hygienist, at the Minnesota correctional facility-Shakopee;

(4) psychologist 2, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Moose Lake, the Minnesota correctional facility-Oak Park Heights, the Minnesota correctional facility-Red Wing, the Minnesota correctional facility-St. Cloud, the Minnesota correctional facility-Shakopee, and the Minnesota correctional facility-Stillwater; and

(5) sentencing to service crew leader involved with the inmate community work crew program, at the Minnesota correctional facility-Faribault and the Minnesota correctional facility-Lino Lakes.

Sec. 5. [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, 3, or 4, or an employee who has retirement coverage for past correctional service transferred to the correctional employees retirement plan under sections 1 to 4, 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, 3, or 4, 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, 3, or 4 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 sections 1 to 4 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. 6. [REPEALER.]

Minnesota Statutes 1998, section 352.91, subdivision 4, is repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 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, carpenters, 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, the united association plumbers local 34 pension plan, or the carpenters local 87 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, be considered a police officer under section 353.64, subdivision 1, 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) 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 the approval of the request by the executive director, the head of the police department or that person's 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 that person's 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 or that person's designee must meet the reporting requirements in section 353.65, subdivision 4.

Sec. 3. [353.666] [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 member contribution 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 within 30 days of the member contribution payment.

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, elected exclusion from coverage under section 12 and electrical workers, carpenters, and associated trades personnel with coverage by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 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, carpenter, 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, the united association plumbers local 34 pension plan, or the carpenters local 87 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 made in writing on a form prescribed by the executive director of the public employees retirement association and must be 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 or the public employees retirement association general plan, whichever applies, 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 353.615, subdivisions 5 and 6 or 353A.08, subdivision 1 or 2, 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 subsequent 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" also includes any teacher in the classifications included in the professional state residential instructional unit, under 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" includes 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 nonprofit 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. [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 teachers 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.] (a) 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.

(b) 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 teachers retirement fund association under this section is not eligible for election to the board of trustees of the teachers retirement fund association.

Sec. 5. 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 nonprofit 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. 6. [ELECTION OF COVERAGE BY EMPLOYEE OF EMPLOYEE ORGANIZATION REPRESENTING MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION ACTIVE MEMBERS.]

Subdivision 1. [ELIGIBILITY ELECTION.] Notwithstanding the election date requirements in section 354A.051, 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 354A.051. To be valid, that written election must be on a form specified by the executive director of the Minneapolis teachers retirement fund association and must 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 this section.

Sec. 7. [SPECIAL PART-TIME TEACHER PROGRAM AUTHORITY; CERTAIN TEACHERS.]

(a) Notwithstanding the requirement in Minnesota Statutes, section 354.66, subdivision 2, that part-time teacher program agreements must be executed before October 1 of the school year for which the teacher requests to make retirement contributions described in the part-time teacher program, an eligible teacher under paragraph (b) is authorized to participate in the part-time teacher program under Minnesota Statutes, section 354.66, during the 1999-2000 school year.

(b) An eligible teacher is a teacher:

(1) employed by school district No. 11 (Anoka-Hennepin);

(2) whose part-time teaching agreement under Minnesota Statutes, section 354.66, was executed after October 1, 1999, but before the end of the 1999-2000 school year; and

(3) was born on October 16, 1947, or October 19, 1957.

(c) If full-time equivalent employee contributions were not made for the full period covered by the part-time teaching agreement indicated under paragraph (b), any omission or deficiency in employee contributions must be paid by the employee on or before the due date of any payment required under Minnesota Statutes, section 354.66, subdivision 4.

(d) Notwithstanding Minnesota Statutes, section 354.66, subdivision 2, one-quarter of the fine required under that subdivision is waived if the part-time teaching agreement is filed with the teachers retirement association by May 30, 2000. If a part-time teaching agreement referred to under paragraph (b) is not filed with the teachers retirement association before July 1, 2000, the authority provided by this section is voided.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective on the day following final enactment.

ARTICLE 12

MNSCU PENSION COVERAGE AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 136F.43, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section, "teacher" means a person on the instructional or administrative staff of the state colleges and universities who is a member of the teachers retirement association under chapter 354, who is a member of a teachers retirement fund association under chapter 354A, or who is covered by the unclassified employees plan under chapter 352D or individual retirement account plan under chapter 354B. It shall not include a chancellor, deputy chancellor, or vice-chancellor.

Sec. 2. Minnesota Statutes 1998, section 136F.43, subdivision 2, is amended to read:

Subd. 2. [GRANTING AUTHORITY.] The board may grant an extended leave of absence without salary to a full-time teacher who has been employed by the board for at least five years and has at least ten years of allowable service as defined in section 354.05, subdivision 13 one or a combination of the retirement plans specified in subdivision 1. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence under this section shall be taken by mutual consent of the board and the teacher. No teacher may receive more than one leave of absence under this section.

Sec. 3. Minnesota Statutes 1998, section 136F.43, subdivision 6, is amended to read:

Subd. 6. [ALTERNATE LEAVE.] The board may grant a teacher a leave of absence which is not subject to the provisions of this section and either section 354.094 or section 354A.091.

Sec. 4. 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. 5. [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. 6. Minnesota Statutes 1998, section 354A.091, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit an elementary, secondary, or technical college teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 122A.46, or a teacher who is granted an extended leave of absence under section 136F.43, may pay employee contributions to the applicable association and shall be entitled to receive allowable service credit in that association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to that association during the period of leave which shall not exceed five years. The state shall not make an employer contribution on behalf of the teacher. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section shall be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Sec. 7. Minnesota Statutes 1998, section 354A.091, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP RETENTION.] A teacher on extended leave pursuant to under either section 122A.46 or 136F.43 whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to subdivision 1 shall retain membership in the association for each year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Sec. 8. Minnesota Statutes 1998, section 354A.091, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF NONPAYMENT.] A teacher on extended leave pursuant to under either section 122A.46 or 136F.43 who does not make employee contributions or whose employer contribution is not made to the applicable teachers retirement fund association in any year shall be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that year for purposes of this chapter and the articles of incorporation and bylaws of the association, and may not pay employee or employer contributions into the fund in any subsequent year of the leave. Nonpayment of contributions into the fund shall not affect the rights or obligations of the teacher or the employing school district under section 122A.46 or the Minnesota state colleges and universities system under section 136F.43.

Sec. 9. Minnesota Statutes 1998, section 354A.091, subdivision 5, is amended to read:

Subd. 5. [APPLICABILITY.] The provisions of this section shall not apply to a teacher who is discharged pursuant to section 122A.41 while the teacher is on an extended leave of absence pursuant to section 122A.46. The provisions of this section also do not apply to a teacher who is discharged for cause while the teacher is on an extended leave of absence under section 136F.43.

Sec. 10. Minnesota Statutes 1998, section 354A.091, subdivision 6, is amended to read:

Subd. 6. A teacher who makes employee contributions to and receives allowable service credit in the applicable teacher's retirement fund association pursuant to this section may not make employee contributions or receive allowable service credit for the same period of time in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school

district during that year. Notwithstanding the provisions of this chapter or the bylaws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which the teacher pays retirement contributions or receives allowable service credit pursuant to section 354.094 or this section while on an extended leave of absence pursuant to under either section 122A.46 or section 136F.43.

Sec. 11. [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. 12. 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 federal 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. 13. 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. 14. 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 executive director of the teachers retirement association, shall develop the forms for requesting a transfer and the procedures for executing the requested transfers.

Sec. 15. 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. 16. 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. 17. 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. 18. 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. 19. [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. 20. [EFFECTIVE DATE.]

(a) Sections 4, 5, and 11 to 20 are effective on the day following final enactment.

(b) Sections 1, 2, 3, and 6 to 10 are effective on the day following final enactment and apply retroactively to a faculty member of the Lake Superior College who was granted an extended leave of absence under article 19, section 4, of the united technical college educators master agreement for the 1999-2000 academic year prior to March 20, 2000.

(c) Sections 5, 11, and 14, 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 or 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 may establish a fee for each review. The state board of investment must maintain and have available a list of all reviewed companies. In reviewing companies under this section, the state board of investment must not be considered to be acting as a fiduciary or to be engaged in a fiduciary activity under chapter 356A or common law.

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 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 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. 5. 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 Available Financing per Firefighter for Each Year of Service	Maximum Service Pension Amount Payable per Month
\$...	\$.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>

Effective beginning December 31, 2003:

<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>
<u>Effective beginning December 31, 2001:</u>	
<u>3291</u>	<u>6100</u>
<u>3345</u>	<u>6200</u>
<u>3399</u>	<u>6300</u>
<u>3453</u>	<u>6400</u>
<u>3507</u>	<u>6500</u>
<u>Effective beginning December 31, 2002:</u>	
<u>3561</u>	<u>6600</u>
<u>3615</u>	<u>6700</u>
<u>3669</u>	<u>6800</u>
<u>3723</u>	<u>6900</u>
<u>3777</u>	<u>7000</u>
<u>Effective beginning December 31, 2003:</u>	
<u>3831</u>	<u>7100</u>
<u>3885</u>	<u>7200</u>
<u>3939</u>	<u>7300</u>
<u>3993</u>	<u>7400</u>
<u>4047</u>	<u>7500</u>

(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. 6. 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. 7. 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 ~~(1)~~ (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) 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. 8. 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 subdivision 1 and section 424A.001, subdivision 9, 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. 9. 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. 10. 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. 11. 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. 12. [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. 13. [EFFECTIVE DATE.]

(a) Sections 1 to 5 and 7 to 11 are effective on the day following final enactment.

(b) Section 6 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 6 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 12 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 subdivisions have 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 the fire department was located or by the independent nonprofit firefighting corporation, whichever applies, and no consolidation with another volunteer firefighter relief association under sections 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. 4 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. 5 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. 6 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. 7 10. [DISCHARGE.] "Discharge" means a complete separation from service in the police department.

Subd. 8 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. 9 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. 40 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. 44 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 or, 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 paragraph (f), as added by Laws 1997, chapter 233, article 4, section 12.

(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 firefighters relief association.

Subd. 4. [CITY.] "City" means the city of Minneapolis.

Subd. 5. [ELIGIBLE MEMBER.] "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 fund.

Subd. 7. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement 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, 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, and 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 there 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 complete, 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 complete, 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.

ARTICLE 19

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 in January 1998 and continues in that employment with the Minnesota state council on disability.

(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 described in Minnesota Statutes, section 352.113, subdivision 7.

Sec. 2. [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 employees 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. 3. [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. 4. [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 employees 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. 5. [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. 6. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR UNCREDITED TEACHING SERVICE PERIODS.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching 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 employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;

(2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;

(3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;

(4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage social worker from August 1976 through June 1983 without retirement coverage; and

(5) is currently employed by Hennepin county covered by the public employees retirement association.

(c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.

(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 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) The prior service credit purchase payment amount shall be computed by the actuary retained by the legislative commission on pensions and retirement. That computation must, in applying the process stated in Minnesota Statutes, section 356.55, give recognition to the liabilities that would be created in the Minneapolis teachers retirement fund association and other Minnesota public pension funds due to the service credit purchase.

(g) Following receipt of that purchase payment amount, the executive director of the Minneapolis teachers retirement fund association shall allocate and transmit that amount to the applicable pension administrations, as determined under paragraph (f).

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; and

(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 (Minneapolis) 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; and

(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; 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 reemployed 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.43, subdivisions 1, 2, and 6; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding subdivisions; 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.091, subdivisions 1, 2, 3, 5, and 6; 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, 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, chapter 424B; repealing Minnesota Statutes 1998, sections 352.91, subdivision 4; 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Lawrence J. Pogemiller, Don Betzold, Roy W. Terwilliger

House Conferees: (Signed) Harry Mares, Rich Stanek, Mary Murphy

Senator Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2796 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Pursuant to Rule 22, Senator Johnson, D.H. moved that he be excused from voting on all questions pertaining to S.F. No. 2796. The motion prevailed.

The question recurred on the adoption of the Pogemiller motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2796 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

SPECIAL ORDER

S.F. No. 3000: A bill for an act relating to consumer protection; providing consumers' right to privacy, confidentiality, and secrecy of their financial records; requiring consumer authorization for exchange or disclosure of their financial records; providing civil remedies and penalties; proposing coding for new law as Minnesota Statutes, chapter 13E.

Senator Kinkel moved to amend S.F. No. 3000 as follows:

Page 3, after line 3, insert:

"Sec. 6. [13E.06] [OTHER LAW.]

This chapter does not limit any rights or remedies protecting the privacy of information that are available under other law."

Page 3, line 5, delete "5" and insert "6"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Kinkel then moved to amend S.F. No. 3000 as follows:

Page 1, line 17, after the period, insert "Notwithstanding the definition of nonaffiliated third party in section 509 of the federal Gramm-Leach-Bliley Financial Services Modernization Act, including any federal regulations implementing that section, the term does not include independent agents acting in their capacity as independent agents for an insurance company."

The motion prevailed. So the amendment was adopted.

Senator Oliver moved to amend S.F. No. 3000 as follows:

Pages 1 and 2, delete sections 3 and 4

Page 2, line 36, delete "13E.05" and insert "13E.03"

Page 3, line 5, delete "5" and insert "3"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Kinkel imposed a call of the Senate for the balance of the proceedings on S.F. No. 3000. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 22 and nays 44, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Lessard	Runbeck	Vickerman
Berg	Kierlin	Metzen	Scheid	Wiger
Day	Kiscaden	Oliver	Solon	
Dille	Knutson	Ourada	Stevens	
Frederickson	Larson	Robertson	Terwilliger	

Those who voted in the negative were:

Anderson	Hottinger	Krentz	Neuville	Robling
Berglin	Janezich	Laidig	Olson	Sams
Betzold	Johnson, D.H.	Langseth	Pappas	Samuelson
Cohen	Johnson, D.J.	Lesewski	Pariseau	Scheevel
Fischbach	Junge	Limmer	Piper	Spear
Flynn	Kelley, S.P.	Lourey	Pogemiller	Stumpf
Foley	Kelly, R.C.	Marty	Price	Wiener
Hanson	Kinkel	Moe, R.D.	Ranum	Ziegler
Higgins	Kleis	Murphy	Ring	

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

Senator Oliver moved to amend S.F. No. 3000 as follows:

Pages 2 and 3, delete section 5

Page 3, line 5, delete "5" and insert "4"

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

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

Senator Limmer moved to amend S.F. No. 3000 as follows:

Page 3, after line 3, insert:

"Sec. 6. [325E.60] [OBTAINING INFORMATION FROM CONSUMER UNDER FALSE PRETENSES.]

A person must not request or require a consumer to provide information about the consumer under false or misleading pretenses regarding the legal or other necessity for providing the information. The remedies and enforcement provisions of section 8.31 apply to this section."

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 21, as follows:

Those who voted in the affirmative were:

Belanger	Junge	Lesewski	Olson	Scheevel
Berg	Kelley, S.P.	Lessard	Ourada	Solon
Day	Kierlin	Limmer	Pariseau	Stevens
Dille	Kinkel	Lourey	Price	Wiener
Fischbach	Kleis	Marty	Robling	Wiger
Frederickson	Krentz	Metzen	Runbeck	Ziegler
Hanson	Laidig	Murphy	Sams	
Johnson, D.E.	Larson	Neuville	Samuelson	

Those who voted in the negative were:

Betzold	Janezich	Oliver	Ring	Vickerman
Flynn	Johnson, D.H.	Pappas	Robertson	
Foley	Kiscaden	Piper	Scheid	
Higgins	Knutson	Pogemiller	Spear	
Hottinger	Moe, R.D.	Ranum	Terwilliger	

The motion prevailed. So the amendment was adopted.

Senator Limmer then moved to amend S.F. No. 3000 as follows:

Page 3, after line 3, insert:

"Sec. 6. [325G.58] [REQUEST FOR INFORMATION AS A CONDITION OF DOING BUSINESS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "business" means a person engaged in a trade or commercial activity or the provision of goods or services to the general public. Business does not include a government entity subject to chapter 13.

Subd. 2. [REQUEST FOR INFORMATION.] (a) A business must not require a consumer to provide information as a condition of doing business with the consumer, or as a condition of providing a level of service or price, if the information is not reasonably necessary for the provision of the goods or services to the consumer by the business.

(b) This section applies to the collection of information in any manner, including oral, written, or electronic means, and includes the use of membership cards or other devices that monitor the purchase or use of goods or services by a consumer.

(c) This section does not prohibit a requirement that a consumer provide identification as a condition of acceptance of a check or the extension of credit to the consumer.

(d) This section does not prohibit the collection of information with the express written consent of the consumer."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Betzold questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Limmer moved to amend S.F. No. 3000 as follows:

Page 3, after line 3, insert:

"Sec. 6. Minnesota Statutes 1998, section 325F.981, subdivision 1, is amended to read:

Subdivision 1. [PROVISION OF CREDIT CARD NUMBER.] A person shall not require as a condition of acceptance of a check, or as a means of identification, that the person presenting the check display a credit card or provide a credit card account number. If a person presenting a check voluntarily displays a credit card as a means of identification, the only information concerning the credit card that may be recorded, physically or electronically, is the type and issuer of the credit card and the expiration date. The credit card account number must not be recorded. This subdivision does not require acceptance of a check without more than one form of identification, other than a credit card.

Sec. 7. [REPEALER.]

Minnesota Statutes 1998, section 325F.981, subdivision 2, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Betzold questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Limmer amendment. The motion prevailed. So the amendment was adopted.