

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-SECOND LEGISLATURE

SEVENTY-EIGHTH DAY

St. Paul, Minnesota, Wednesday, March 6, 2002

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. William Van Oss.

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

Bachmann	Higgins	Larson	Orfield	Sams
Belanger	Hottinger	Lesewski	Ourada	Samuelson
Berg	Johnson, Dean	Lessard	Pappas	Scheevel
Berglin	Johnson, Debbie	Limmer	Pariseau	Scheid
Betzold	Johnson, Doug	Lourey	Pogemiller	Schwab
Chaudhary	Kelley, S.P.	Marty	Price	Solon, Y.P.
Cohen	Kierlin	Metzen	Ranum	Stevens
Day	Kinkel	Moe, R.D.	Reiter	Stumpf
Dille	Kiscaden	Moua	Rest	Terwilliger
Fischbach	Kleis	Murphy	Ring	Tomassoni
Foley	Knutson	Neuville	Robertson	Vickerman
Fowler	Krentz	Oliver	Robling	Wiener
Frederickson	Langseth	Olson	Sabo	Wiger

The President declared a quorum present.

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

MEMBERS EXCUSED

Senators Anderson and Johnson, Dave were excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 5, 2002

The Honorable Don Samuelson
President of the Senate

Dear President Samuelson:

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. No. 1471.

Sincerely,
Jesse Ventura, Governor

March 5, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2002 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2002	Date Filed 2002
1471		223	2:30 p.m. March 5	March 5

Sincerely,
Mary Kiffmeyer
Secretary of State

REPORTS OF COMMITTEES

Senator Hottinger moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 3205. The motion prevailed.

Senator Metzen from the Committee on Telecommunications, Energy and Utilities, to which was referred

S.F. No. 2740: A bill for an act relating to energy; making technical corrections to the 2001 omnibus energy bill; amending Minnesota Statutes 2001 Supplement, section 216B.2425, subdivision 3; Laws 2001, chapter 212, article 1, section 3.

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

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 2000, section 116C.63, subdivision 4, is amended to read:

Subd. 4. When private real property that is an agricultural or nonagricultural homestead, nonhomestead agricultural land, rental residential property, and both commercial and noncommercial seasonal residential recreational property, as those terms are defined in section 273.13 is proposed to be acquired for the construction of a site or route for a high voltage transmission line with a capacity of 200 kilovolts or more by eminent domain proceedings, the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which the owner or vendee wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify an election without the consent of the utility. The required acquisition of land pursuant to this subdivision

shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a right-of-way for a high voltage transmission line right-of-way with a capacity of 200 kilovolts or more shall automatically be converted into a fee taking."

Page 2, line 9, strike "2003" and insert "2004"

Page 2, after line 22, insert:

"Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "amending" insert "Minnesota Statutes 2000, section 116C.63, subdivision 4;"

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

Senator Sams from the Committee on Health and Family Security, to which was referred

S.F. No. 2764: A bill for an act relating to human services; modifying standards for reporting incidents and emergencies in licensed programs serving persons with mental retardation or related conditions; amending Minnesota Statutes 2000, sections 245B.02, subdivision 10; 245B.05, subdivision 7; 626.557, subdivision 14.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 245B.02, subdivision 10, is amended to read:

Subd. 10. [INCIDENT.] "Incident" means any of the following:

~~(1) serious injury as determined by section 245.91, subdivision 6; accident; reports of a child or vulnerable adult maltreatment; circumstances that involve a law enforcement agency; or~~

(2) a consumer's death;

(3) any medical emergencies, unexpected serious illnesses, or accidents that require physician treatment or hospitalization;

(4) a consumer's unauthorized absence;

(5) any fires or other circumstances involving a law enforcement agency;

(6) physical aggression by a consumer against another consumer that causes physical pain, injury, or persistent emotional distress, including, but not limited to, hitting, slapping, kicking, scratching, pinching, biting, pushing, and spitting;

(7) any sexual activity between consumers involving force or coercion as defined under section 609.341, subdivisions 3 and 14; or

(8) a report of child or vulnerable adult maltreatment under section 626.556 or 626.557.

Sec. 2. Minnesota Statutes 2000, section 245B.05, subdivision 7, is amended to read:

Subd. 7. ~~[REPORTING INCIDENTS AND EMERGENCIES.]~~ (a) The license holder must maintain information about and report the following incidents under section 245B.02, subdivision 10, clauses (1) to (7), to the consumer's legal representative, other licensed caregiver, if any, and case manager within 24 hours of the occurrence, or within 24 hours of receipt of the information:

- ~~(1) the death of a consumer;~~
- ~~(2) any medical emergencies, unexpected serious illnesses, or accidents that require physician treatment or hospitalization;~~
- ~~(3) a consumer's unauthorized absence; or~~
- ~~(4) any fires and incidents involving a law enforcement agency unless the incident has been reported by another license holder.~~

(b) When the incident involves more than one consumer, the license holder must not disclose personally identifiable information about any other consumer when making the report to each consumer's legal representative, other licensed caregiver, if any, and case manager unless the license holder has the consent of a consumer or a consumer's legal representative.

(c) Death or serious injury of the consumer must also be reported to the department of human services licensing division and the ombudsman, as required under sections 245.91 and 245.94, subdivision 2a.

Sec. 3. Minnesota Statutes 2000, section 245B.07, subdivision 1, is amended to read:

Subdivision 1. ~~[CONSUMER DATA FILE.]~~ The license holder must maintain the following information for each consumer:

- (1) identifying information that includes date of birth, medications, legal representative, history, medical, and other individual-specific information, and names and telephone numbers of contacts;
- (2) consumer health information, including individual medication administration and monitoring information;
- (3) the consumer's individual service plan. When a consumer's case manager does not provide a current individual service plan, the license holder shall make a written request to the case manager to provide a copy of the individual service plan and inform the consumer or the consumer's legal representative of the right to an individual service plan and the right to appeal under section 256.045;
- (4) copies of assessments, analyses, summaries, and recommendations;
- (5) progress review reports;
- ~~(6) incident and emergency reports incidents involving the consumer;~~
- ~~(7) reports required under section 245B.05, subdivision 7;~~
- ~~(8) discharge summary, when applicable;~~
- ~~(9) record of other license holders serving the consumer that includes a contact person and telephone numbers, services being provided, services that require coordination between two license holders, and name of staff responsible for coordination; and~~
- ~~(9) incidents involving (10) information about verbal and physical aggression between consumers directed at the consumer by another consumer; and~~
- (11) information about self-abuse affecting the consumer.

Sec. 4. Minnesota Statutes 2000, section 626.557, subdivision 14, is amended to read:

Subd. 14. [ABUSE PREVENTION PLANS.] (a) Each facility, except home health agencies and personal care attendant services providers, shall establish and enforce an ongoing written abuse prevention plan. The plan shall contain an assessment of the physical plant, its environment, and its population identifying factors which may encourage or permit abuse, and a statement of specific measures to be taken to minimize the risk of abuse. The plan shall comply with any rules governing the plan promulgated by the licensing agency.

(b) Each facility, including a home health care agency and personal care attendant services providers, shall develop an individual abuse prevention plan for each vulnerable adult residing there or receiving services from them. The plan shall contain an individualized assessment of the person's susceptibility to abuse by other individuals, including other vulnerable adults, and a statement of the specific measures to be taken to minimize the risk of abuse to that person. For the purposes of this clause, the term "abuse" includes self-abuse."

Delete the title and insert:

"A bill for an act relating to human services licensing; modifying standards for reporting incidents in licensed programs serving persons with mental retardation or related conditions; amending Minnesota Statutes 2000, sections 245B.02, subdivision 10; 245B.05, subdivision 7; 245B.07, subdivision 1; 626.557, subdivision 14."

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

Senator Sams from the Committee on Health and Family Security, to which was referred

S.F. No. 3119: A bill for an act relating to human services; correcting inconsistencies in mental health services coverage under provided health plans; amending Minnesota Statutes 2000, section 245.50, subdivisions 1, 2, 5.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 245.50, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.

(a) "Bordering state" means Iowa, North Dakota, South Dakota, or Wisconsin.

(b) "Receiving agency or facility" means a public or private hospital, mental health center, or other person or organization authorized by a state to provide which provides mental health services under this section to individuals from a state other than the state in which the agency is located.

(c) "Receiving state" means the state in which a receiving agency is located.

(d) "Sending agency" means a state or county agency which sends an individual to a bordering state for treatment under this section.

(e) "Sending state" means the state in which the sending agency is located.

Sec. 2. Minnesota Statutes 2000, section 245.50, subdivision 2, is amended to read:

Subd. 2. [PURPOSE AND AUTHORITY.] (a) The purpose of this section is to enable appropriate treatment to be provided to individuals, across state lines from the individual's state of residence, in qualified facilities that are closer to the homes of individuals than are facilities available in the individual's home state.

(b) Unless prohibited by another law and subject to the exceptions listed in subdivision 3, a county board or the commissioner of human services may contract with an agency or facility in a

bordering state for mental health services for residents of Minnesota, and a Minnesota mental health agency or facility may contract to provide services to residents of bordering states. Except as provided in subdivision 5, a person who receives services in another state under this section is subject to the laws of the state in which services are provided. A person who will receive services in another state under this section must be informed of the consequences of receiving services in another state, including the implications of the differences in state laws, to the extent the individual will be subject to the laws of the receiving state.

Sec. 3. Minnesota Statutes 2000, section 245.50, subdivision 5, is amended to read:

Subd. 5. [SPECIAL CONTRACTS; WISCONSIN BORDERING STATES.] The commissioner of the Minnesota department of human services must enter into negotiations with appropriate personnel at the Wisconsin department of health and social services and must develop an agreement that conforms to the requirements of subdivision 4, to enable the placement in Minnesota of patients who are on emergency holds or who have been involuntarily committed as mentally ill or chemically dependent in Wisconsin and to enable the temporary placement in Wisconsin of patients who are on emergency holds in Minnesota under section 253B.05, provided that the Minnesota courts retain jurisdiction over Minnesota patients, and the state of Wisconsin affords to Minnesota patients the rights under Minnesota law. Persons committed by the Wisconsin courts and placed in Minnesota facilities shall continue to be in the legal custody of Wisconsin and Wisconsin's laws governing length of commitment, reexaminations, and extension of commitment shall continue to apply to these residents. In all other respects, Wisconsin residents placed in Minnesota facilities are subject to Minnesota laws. The agreement must specify that responsibility for payment for the cost of care of Wisconsin residents shall remain with the state of Wisconsin and the cost of care of Minnesota residents shall remain with the state of Minnesota. The commissioner shall be assisted by attorneys from the Minnesota attorney general's office in negotiating and finalizing this agreement. The agreement shall be completed so as to permit placement of Wisconsin residents in Minnesota facilities and Minnesota residents in Wisconsin facilities beginning July 1, 1994. (a) An individual who is detained, committed, or placed on an involuntary basis under chapter 253B may be confined or treated in a bordering state pursuant to a contract under this section. An individual who is detained, committed, or placed on an involuntary basis under the civil law of a bordering state may be confined or treated in Minnesota pursuant to a contract under this section. A peace or health officer who is acting under the authority of the sending state may transport an individual to a receiving agency that provides services pursuant to a contract under this section, and may transport the individual back to the sending state under the laws of the sending state. Court orders valid under the law of the sending state are granted recognition and reciprocity in the receiving state for individuals covered by a contract under this section to the extent that the court orders relate to confinement for treatment or care of mental illness. Such treatment or care may address other conditions that may be co-occurring with the mental illness. These court orders are not subject to legal challenge in the courts of the receiving state. Individuals who are detained, committed, or placed under the law of a sending state and who are transferred to a receiving state under this section continue to be in the legal custody of the authority responsible for them under the law of the sending state. Except in emergencies, those individuals may not be transferred, removed, or furloughed from a receiving agency without the specific approval of the authority responsible for them under the law of the sending state.

(b) While in the receiving state pursuant to a contract under this section, an individual shall be subject to the sending state's laws and rules relating to length of confinement, reexaminations, and extensions of confinement. No individual may be sent to another state pursuant to a contract under this section until the receiving state has enacted a law recognizing the validity and applicability of this section.

(c) If an individual receiving services pursuant to a contract under this section leaves the receiving agency without permission and the individual is subject to involuntary confinement under the law of the sending state, the receiving agency shall use all reasonable means to return the individual to the receiving agency. The receiving agency shall immediately report the absence to the sending agency. The receiving state has the primary responsibility for, and the authority to direct, the return of these individuals within its borders and is liable for the cost of the action to the extent that it would be liable for costs of its own resident.

(d) Responsibility for payment for the cost of care remains with the sending agency.

(e) This subdivision also applies to county contracts under subdivision 2 which include emergency care and treatment provided to a county resident in a bordering state.

Sec. 4. Minnesota Statutes 2001 Supplement, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics, except that medically necessary anorectics shall be covered for a recipient

previously diagnosed as having pickwickian syndrome and currently diagnosed as having diabetes and being morbidly obese;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations. An honorarium of \$100 per meeting and reimbursement for mileage shall be paid to each committee member in attendance.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus nine percent, except that where a drug has had its wholesale price reduced as a result of the actions of the National Association of Medicaid Fraud Control Units, the estimated actual acquisition cost shall be the reduced average wholesale price, without the nine percent deduction. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. The commissioner shall set maximum allowable costs for multisource drugs that are not on the federal upper limit list as described in United States Code, title 42, chapter 7, section 1396r-8(e), the Social Security Act, and Code of Federal Regulations, title 42, part 447, section 447.332. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs for which there are two or more drug products, which:

(1) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";

(2) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and

(3) are sold or marketed in Minnesota.

"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration.

(e) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider; the average wholesale price minus five percent; or the maximum allowable cost set by the federal government under United States Code, title 42, chapter 7, section 1396r-8(e), and Code of Federal Regulations, title 42, section 447.332, or by the commissioner under paragraph (c).

(f) Prior authorization shall not be required or utilized for any antipsychotic drug prescribed for the treatment of mental illness where there is no generically equivalent drug available. This paragraph applies to any supplemental drug rebate program established or administered by the commissioner."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "restricting prior authorization requirements for certain drugs;"

Page 1, line 5, before the period, insert "; Minnesota Statutes 2001 Supplement, section 256B.0625, subdivision 13"

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

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

S.F. No. 1609: A bill for an act relating to public safety; authorizing limited personal use of fireworks; requiring an affidavit of safety guidelines; providing for criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 624.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 624.20, subdivision 1, is amended to read:

Subdivision 1. As used in sections 624.20 to 624.25, the term "fireworks" means any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration, or detonation, and includes blank cartridges, toy cannons, and toy canes in which explosives are used, the type of balloons which require fire underneath to propel them, firecrackers, torpedoes, skyrockets, Roman candles, daygo bombs, sparklers, or other fireworks of like construction, and any fireworks containing any explosive or inflammable compound, or any tablets or other device containing any explosive substance and commonly used as fireworks. The term "fireworks" shall not include toy pistols, toy guns, in which paper caps containing 25/100 grains or less of explosive compound are used and toy pistol caps which contain less than 20/100 grains of explosive mixture, snake or glow worms, smoke devices, party poppers, snappers, drop pops, and sparklers."

Delete the title and insert:

"A bill for an act relating to public safety; exempting sparklers and other novelty items from the definition of fireworks; amending Minnesota Statutes 2000, section 624.20, subdivision 1."

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

Senator Scheid from the Committee on Commerce, to which was re-referred

S.F. No. 2697: A bill for an act relating to real property; establishing disclosure requirements for sellers of residential real estate; proposing coding for new law in Minnesota Statutes, chapter 513.

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

Page 3, line 5, delete "rights and interests in" and insert "use and enjoyment of"

Page 3, line 28, delete "homicide,"

Page 3, line 29, after "death," insert "or" and delete ", or felony"

Page 4, line 11, delete ", or any"

Page 4, line 12, delete everything before "if"

Page 5, line 24, delete ", for any" and insert a period

Page 5, delete lines 25 to 31

Page 6, after line 10, insert:

"Sec. 10. [EFFECTIVE DATE.]

This act is effective January 1, 2003, and applies to purchase agreements entered into on or after that date."

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

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

S.F. No. 2553: A bill for an act relating to insurance; providing that automobile insurance may cover damage to automotive glass on the same basis as damage to other parts of an automobile; appropriating money; amending Minnesota Statutes 2000, section 72A.201, subdivision 6; repealing Minnesota Statutes 2000, section 72A.202.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 72A.201, subdivision 6, is amended to read:

Subd. 6. [STANDARDS FOR AUTOMOBILE INSURANCE CLAIMS HANDLING, SETTLEMENT OFFERS, AND AGREEMENTS.] In addition to the acts specified in subdivisions 4, 5, 7, 8, and 9, the following acts by an insurer, adjuster, or a self-insured or self-insurance administrator constitute unfair settlement practices:

(1) if an automobile insurance policy provides for the adjustment and settlement of an automobile total loss on the basis of actual cash value or replacement with like kind and quality and the insured is not an automobile dealer, failing to offer one of the following methods of settlement:

(a) comparable and available replacement automobile, with all applicable taxes, license fees, at least pro rata for the unexpired term of the replaced automobile's license, and other fees incident to the transfer or evidence of ownership of the automobile paid, at no cost to the insured other than the deductible amount as provided in the policy;

(b) a cash settlement based upon the actual cost of purchase of a comparable automobile, including all applicable taxes, license fees, at least pro rata for the unexpired term of the replaced automobile's license, and other fees incident to transfer of evidence of ownership, less the deductible amount as provided in the policy. The costs must be determined by:

(i) the cost of a comparable automobile, adjusted for mileage, condition, and options, in the local market area of the insured, if such an automobile is available in that area; or

(ii) one of two or more quotations obtained from two or more qualified sources located within

the local market area when a comparable automobile is not available in the local market area. The insured shall be provided the information contained in all quotations prior to settlement; or

(iii) any settlement or offer of settlement which deviates from the procedure above must be documented and justified in detail. The basis for the settlement or offer of settlement must be explained to the insured;

(2) if an automobile insurance policy provides for the adjustment and settlement of an automobile partial loss on the basis of repair or replacement with like kind and quality and the insured is not an automobile dealer, failing to offer one of the following methods of settlement:

(a) to assume all costs, including reasonable towing costs, for the satisfactory repair of the motor vehicle. Satisfactory repair includes repair of both obvious and hidden damage as caused by the claim incident. This assumption of cost may be reduced by applicable policy provision; or

(b) to offer a cash settlement sufficient to pay for satisfactory repair of the vehicle. Satisfactory repair includes repair of obvious and hidden damage caused by the claim incident, and includes reasonable towing costs;

(3) regardless of whether the loss was total or partial, in the event that a damaged vehicle of an insured cannot be safely driven, failing to exercise the right to inspect automobile damage prior to repair within five business days following receipt of notification of claim. In other cases the inspection must be made in 15 days;

(4) regardless of whether the loss was total or partial, requiring unreasonable travel of a claimant or insured to inspect a replacement automobile, to obtain a repair estimate, to allow an insurer to inspect a repair estimate, to allow an insurer to inspect repairs made pursuant to policy requirements, or to have the automobile repaired;

(5) regardless of whether the loss was total or partial, if loss of use coverage exists under the insurance policy, failing to notify an insured at the time of the insurer's acknowledgment of claim, or sooner if inquiry is made, of the fact of the coverage, including the policy terms and conditions affecting the coverage and the manner in which the insured can apply for this coverage;

(6) regardless of whether the loss was total or partial, failing to include the insured's deductible in the insurer's demands under its subrogation rights. Subrogation recovery must be shared at least on a proportionate basis with the insured, unless the deductible amount has been otherwise recovered by the insured, except that when an insurer is recovering directly from an uninsured third party by means of installments, the insured must receive the full deductible share as soon as that amount is collected and before any part of the total recovery is applied to any other use. No deduction for expenses may be made from the deductible recovery unless an attorney is retained to collect the recovery, in which case deduction may be made only for a pro rata share of the cost of retaining the attorney. An insured is not bound by any settlement of its insurer's subrogation claim with respect to the deductible amount, unless the insured receives, as a result of the subrogation settlement, the full amount of the deductible. Recovery by the insurer and receipt by the insured of less than all of the insured's deductible amount does not affect the insured's rights to recover any unreimbursed portion of the deductible from parties liable for the loss;

(7) requiring as a condition of payment of a claim that repairs to any damaged vehicle must be made by a particular contractor or repair shop or that parts, other than window glass, must be replaced with parts other than original equipment parts;

(8) where liability is reasonably clear, failing to inform the claimant in an automobile property damage liability claim that the claimant may have a claim for loss of use of the vehicle;

(9) failing to make a good faith assignment of comparative negligence percentages in ascertaining the issue of liability;

(10) failing to pay any interest required by statute on overdue payment for an automobile personal injury protection claim;

(11) if an automobile insurance policy contains either or both of the time limitation provisions as permitted by section 65B.55, subdivisions 1 and 2, failing to notify the insured in writing of those limitations at least 60 days prior to the expiration of that time limitation;

(12) if an insurer chooses to have an insured examined as permitted by section 65B.56, subdivision 1, failing to notify the insured of all of the insured's rights and obligations under that statute, including the right to request, in writing, and to receive a copy of the report of the examination;

(13) failing to provide, to an insured who has submitted a claim for benefits described in section 65B.44, a complete copy of the insurer's claim file on the insured, excluding internal company memoranda, all materials that relate to any insurance fraud investigation, materials that constitute attorney work-product or that qualify for the attorney-client privilege, and medical reviews that are subject to section 145.64, within ten business days of receiving a written request from the insured. The insurer may charge the insured a reasonable copying fee. This clause supersedes any inconsistent provisions of sections 72A.49 to 72A.505;

(14) if an automobile policy provides for the adjustment or settlement of an automobile loss due to damaged window glass, failing to provide payment to the insured's chosen vendor based on a competitive price that is fair and reasonable within the local industry at large. ~~If the insurer disputes the amount charged by the vendor, the price shall be as established by the commissioner through a market survey to determine a fair and reasonable market price for similar services. The survey shall be:~~

- ~~(a) an annual survey using accepted industry standards;~~
- ~~(b) a statistically significant sample of auto glass vendors; and~~
- ~~(c) of work actually done.~~

~~The commissioner shall consult with interested parties in designing the survey document. Reasonable deviation from the market price determined by survey is allowed when based on the facts in each case. Where facts establish that a different rate in a specific geographic area actually served by the vendor is required by that market, that geographic area must be considered. This clause does not prohibit an insurer from recommending a vendor to the insured or from agreeing with a vendor to perform work at an agreed-upon price, provided, however, that before recommending a vendor, the insurer shall offer its insured the opportunity to choose the vendor;~~

(15) requiring that the repair or replacement of motor vehicle glass and related products and services be made in a particular place or shop or by a particular entity, or by otherwise limiting the ability of the insured to select the place, shop, or entity to repair or replace the motor vehicle glass and related products and services; or

(16) engaging in any act or practice of intimidation, coercion, threat, incentive, or inducement for or against an insured to use a particular company or location to provide the motor vehicle glass repair or replacement services or products. For purposes of this section, a warranty shall not be considered an inducement or incentive.

Sec. 2. [REPEALER.]

Minnesota Statutes 2000, section 72A.202, is repealed.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to insurance; regulating automobile glass claims practices; amending Minnesota Statutes 2000, section 72A.201, subdivision 6; repealing Minnesota Statutes 2000, section 72A.202."

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

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

S.F. No. 3206: A bill for an act relating to state employment; shifting social security administrative duties from the department of employee relations to the public employees retirement association; classifying data on employee's dependents as private; amending Minnesota Statutes 2000, sections 13.43, subdivision 4; 355.01, subdivision 5.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

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

S.F. No. 3286: A bill for an act relating to adoption; modifying provision for notice to a registered putative father; amending Minnesota Statutes 2000, section 259.52, subdivisions 9, 10; Minnesota Statutes 2001 Supplement, section 259.49, subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 259.52, subdivision 10, is amended to read:

Subd. 10. [RESPONSE TO NOTICE TO REGISTERED PUTATIVE FATHER; LIMITATION OF RIGHTS FOR FAILURE TO RESPOND AND UPON FILING OF DENIAL OF PATERNITY.] Within 30 days of receipt of the notice to registered putative father, the intent to claim parental rights form, the denial of paternity form, and the consent to adoption form, the putative father must file a completed intent to claim parental rights form with the court administrator in the county in which the adoption petition will be filed as provided by the petitioner, stating that he intends to initiate a paternity action within 30 days of receipt of the notice to registered putative father in order to preserve the right to maintain an interest in the child and receive notice during the pending adoption proceeding. The registered putative father must serve notice of the paternity action on the interested party who notified him of the adoption proceeding under subdivision 9. Failure to initiate a paternity action within 30 days of receipt of the notice to registered putative father does not act as a bar to receiving notice under section 259.49. If good cause is shown, the putative father must be allowed more time to initiate the paternity action. No adoption may be finalized until the paternity action timely noticed is completed. A putative father who files a completed denial of paternity form and consent to adoption form or who fails to timely file an intent to claim parental rights form with the court:

(1) is barred from later bringing or maintaining an action to assert any interest in the child during the pending adoption proceeding concerning the child;

(2) is considered to have waived and surrendered a right to notice of a hearing in any judicial proceeding for adoption of the child, and consent of that person to the adoption of the child is not required; and

(3) is considered to have abandoned the child.

Failure to register is prima facie evidence of sufficient grounds to support termination of the putative father's parental rights."

Delete the title and insert:

"A bill for an act relating to adoption; requiring a registered putative father to serve notice of a paternity action on an interested party; amending Minnesota Statutes 2000, section 259.52, subdivision 10."

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

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

S.F. No. 2540: A bill for an act relating to property; changing certain probate and power of appointment provisions; amending Minnesota Statutes 2000, sections 501A.01; 524.2-804; 525.313; Minnesota Statutes 2001 Supplement, section 524.3-1201.

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

Page 3, line 17, after "instrument" insert ", other than a trust instrument under section 501B.90,"

Page 9, delete lines 9 and 10 and insert:

"(i) No clearance for medical assistance claims is required under this section and section 525.312 in an action for a decree of descent proceeding in which all of the following apply to the decedent whose property is the subject of the proceeding:

- (1) the decedent's estate was previously probated in this state;
- (2) the previous probate was not a special administration or summary proceeding; and
- (3) the decedent's property, which is the subject of the petition for a decree of descent, was omitted from the previous probate."

Page 9, delete line 12 and insert:

"Section 4 applies to proceedings for a decree of descent commenced after July 31, 2002."

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

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

S.F. No. 2807: A bill for an act relating to drivers' licenses; specifying that organ donor designation on driver's license or Minnesota identification card is conclusive evidence of intent; amending Minnesota Statutes 2000, section 525.9211

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 525.9211, is amended to read:

525.9211 [MAKING, AMENDING, REVOKING, AND REFUSING TO MAKE ANATOMICAL GIFTS BY INDIVIDUAL.]

(a) An individual who is at least 18 years of age, or a minor with the written consent of a parent or legal guardian, may (i) make an anatomical gift for any of the purposes stated in section 525.9215, paragraph (a), (ii) limit an anatomical gift to one or more of those purposes, or (iii) refuse to make an anatomical gift.

(b) An anatomical gift may be made by a will or by a document of gift signed by the donor. If the donor cannot sign, the document of gift must be signed by another individual and by two witnesses, all of whom have signed at the direction and in the presence of the donor and of each other, and state that it has been so signed.

(c) If a document of gift is attached to or imprinted on a donor's motor vehicle operator's or chauffeur's license, the document of gift must comply with paragraph (b). Revocation, suspension, expiration, or cancellation of the license does not invalidate the anatomical gift.

(d) A document of gift may designate a particular physician or surgeon to carry out the appropriate procedures. In the absence of a designation or if the designee is not available, the donee or other person authorized to accept the anatomical gift may employ or authorize any physician, surgeon, technician, or enucleator to carry out the appropriate procedures.

(e) An anatomical gift by will takes effect upon death of the testator, whether or not the will is probated. If, after death, the will is declared invalid for testamentary purposes, the validity of the anatomical gift is unaffected.

(f) A donor may amend or revoke an anatomical gift, not made by will, only by:

(1) a signed statement;

(2) an oral statement made in the presence of two individuals;

(3) any form of communication during a terminal illness or injury addressed to a health care professional or member of the clergy; or

(4) the delivery of a signed statement to a specified donee to whom a document of gift had been delivered.

(g) The donor of an anatomical gift made by will may amend or revoke the gift in the manner provided for amendment or revocation of wills, or as provided in paragraph (f).

(h) An anatomical gift that is not revoked by the donor before death is irrevocable and does not require the consent or concurrence of any person after the donor's death. An anatomical gift designation made by a will or by a document of gift, including a designation on a driver's license or Minnesota identification card made under section 171.07, subdivision 5, or a health care directive under chapter 145C, and not revoked, establishes the intent of the person making the designation and may not be overridden by any other person.

(i) An individual may refuse to make an anatomical gift of the individual's body or part by (i) a writing signed in the same manner as a document of gift, or (ii) any other writing used to identify the individual as refusing to make an anatomical gift. During a terminal illness or injury, the refusal may be an oral statement or other form of communication.

(j) In the absence of contrary indications by the donor, an anatomical gift of a part is neither a refusal to give other parts nor a limitation on an anatomical gift under section 525.9212 or on a removal or release of other parts under section 525.9213.

(k) In the absence of contrary indications by the donor, a revocation or amendment of an anatomical gift is not a refusal to make another anatomical gift. If the donor intends a revocation to be a refusal to make an anatomical gift, the donor shall make the refusal pursuant to paragraph (i).

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on August 1, 2002, and applies to documents of gifts executed before, on, or after the effective date."

Delete the title and insert:

"A bill for an act relating to drivers' licenses; specifying intent and consent requirements for anatomical gift designations; amending Minnesota Statutes 2000, section 525.9211."

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

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

S.F. No. 1443: A bill for an act relating to human services; establishing requirements for swimming pools at family day care or group family day care homes; making municipalities immune from liability for claims based upon a provider's failure to comply with requirements for swimming pools at family day care or group family day care homes; amending Minnesota Statutes 2000, sections 144.1222, by adding a subdivision; 245A.14, by adding a subdivision; 466.03, subdivision 6d.

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

Page 3, lines 20 and 21, delete "child" and insert "person"

Page 4, delete lines 5 to 7

Page 4, line 8, delete "(18)" and insert "(16)"

Page 4, line 10, delete "(19)" and insert "(17)"

Page 4, line 12, delete "(20)" and insert "(18)"

Page 4, line 14, delete "(21)" and insert "(19)"

Page 4, after line 17, insert:

"The requirements of clauses (5), (16), and (18) only apply at times when children cared for at the family day care or group family day care home are present."

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

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

S.F. No. 2559: A bill for an act relating to motor vehicles; authorizing sale of unauthorized, impounded vehicles within 15 days of notice unless owner declares intent to reclaim; amending Minnesota Statutes 2000, sections 168B.051, subdivision 1a; 168B.07, subdivision 1; repealing Minnesota Statutes 2000, sections 168B.051, subdivision 2; 168B.06, subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 168B.051, subdivision 1a, is amended to read:

Subd. 1a. [SALE 15 DAYS AFTER NOTICE BY CERTIFIED MAIL.] (a) Except as provided in paragraph (b), an unauthorized vehicle impounded by the city of Minneapolis or by the city of St. Paul a local unit of government in the metropolitan area as defined in section 473.121, subdivision 2, is eligible for disposal or sale under section 168B.08, 15 days after notice is sent by certified mail, return receipt requested, to the registered owner, if any, of the unauthorized vehicle and to all readily identifiable lienholders of record.

(b) If, before the expiration of the 15-day period following notice of taking, the registered owner or lienholder of record delivers to the impound lot operator a written statement of intent to reclaim the vehicle, the vehicle is not eligible for disposal or sale until 45 days after the notice of taking, if the owner or lienholder has not reclaimed under section 168B.07. Notwithstanding section 168B.06, subdivision 3, a second notice shall not be required.

Sec. 2. Minnesota Statutes 2000, section 168B.051, subdivision 2, is amended to read:

Subd. 2. [SALE AFTER 45 DAYS.] An impounded vehicle is eligible for disposal or sale under section 168B.08, 45 days after notice to the owner, if the vehicle is determined to be an unauthorized vehicle that was not impounded by ~~the city of Minneapolis or the city of St. Paul~~ a local unit of government in the metropolitan area as defined in section 473.121, subdivision 2."

Amend the title as follows:

Page 1, line 4, after "reclaim" insert "for vehicles impounded in the metropolitan area"

Page 1, line 5, delete "sections" and insert "section"

Page 1, delete lines 6 to 8 and insert "subdivisions 1a, 2."

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

Senator Anderson from the Committee on Jobs, Housing and Community Development, to which was re-referred

S.F. No. 3072: A bill for an act relating to state government; reorganizing and restructuring certain departments; creating the department of workforce and economic development; eliminating the department of economic security and the department of trade and economic development; transferring duties; making technical changes; amending Minnesota Statutes 2000, sections 4.045; 14.03, subdivision 2; 14.3691, subdivision 2; 15.057; 16C.05, subdivision 3; 116J.011; 116J.035, subdivision 2; 116J.401; 116M.15, subdivision 1; 216C.10; 256J.08, subdivision 52; 268.001; 462A.04, subdivision 1; Minnesota Statutes 2001 Supplement, sections 3C.12, subdivision 2; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 43A.08, subdivision 1a; 116J.01, subdivision 5; 116L.04, subdivision 1a; 125A.023, subdivision 4; 125A.28; Laws 2001, First Special Session chapter 4, article 3, section 1; Laws 2001, First Special Session chapter 4, article 3, section 2, subdivision 1; Laws 2001, First Special Session chapter 4, article 3, section 3; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 2000, sections 268.0111, subdivisions 1, 2, 3a; 268.0121, subdivisions 1, 2; 268.0122, subdivisions 5, 6; 268.014; Minnesota Statutes 2001 Supplement, sections 268.0122, subdivisions 2, 3; 268.029.

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

Page 10, after line 15, insert:

"Sec. 13. [116J.013] [STATE SERVICES FOR THE BLIND; AUTONOMY.]

State services for the blind shall operate autonomously as a division in the department of workforce and economic development under the management of an assistant commissioner, but subject to the authority of the commissioner to manage the department. The commissioner of the workforce and economic development department must negotiate a charter with the assistant commissioner for state services for the blind and the rehabilitation advisory council for the blind to autonomously carry out the duties as provided in chapter 248. The negotiations must include substantial input from blind and visually handicapped individuals. The charter must, at a minimum, include:

- (1) a clearly defined mission that can be easily understood by the general public;
- (2) a four-year strategic plan with measurable goals that matter to citizens;
- (3) a set of key performance indicators or measures such as quality, financial, efficiency, productivity, and customer service standards;
- (4) an annual operating plan with specific performance targets for the key measures; and
- (5) a plan for flexibility in finance, human resources, purchasing, and other administrative processes.

[EFFECTIVE DATE.] This section is effective July 1, 2003."

Page 25, line 21, delete "23, 28, 29, 31, and 32" and insert "24, 29, 30, 32, and 33"

Page 25, line 22, delete "24 to 27 and 30" and insert "25 to 28 and 31"

Renumber the sections in sequence

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

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

S.F. No. 3315: A bill for an act relating to insurance; making certain changes involving the joint underwriting association's procedures; amending Minnesota Statutes 2000, section 62F.04, by adding a subdivision; repealing Minnesota Statutes 2000, section 62F.04, subdivision 1a.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Senator Vickerman from the Committee on State and Local Government Operations, to which was referred

S.F. No. 2984: A bill for an act relating to retirement; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; amending Minnesota Statutes 2000, section 356.89, subdivision 3.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
LOCAL POLICE AND PAID
FIRE RELIEF ASSOCIATION
GOVERNING LAW CLARIFICATION

Section 1. Minnesota Statutes 2000, section 69.77, is amended to read:

69.77 [POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION GUIDELINES ACT.]

Subdivision 1. [AUTHORIZED CONDITIONED EMPLOYER SUPPORT FOR A RELIEF ASSOCIATION.] (a) Notwithstanding any law to the contrary, only if the municipality and the relief association comply with the provisions of this section, a municipality may contribute public funds, including any applicable police or fire state aid, or levy property taxes for the support of a police or firefighters' relief association, enumerated in subdivision 1a, however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or firefighter, for the operation and maintenance of the relief association ~~only if the municipality and the relief association comply with the provisions of this section.~~

(b) The commissioner shall not include in the apportionment of police or fire state aid to the county auditor ~~pursuant to~~ under section 69.021, subdivision 6, any municipality in which there exists a local police or salaried firefighters' relief association as enumerated in subdivision 1a which does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association and that municipality ~~shall~~ may not qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under sections 69.011 to 69.051 until the reason for the disqualification is remedied, whereupon the municipality, if otherwise qualified, ~~shall be~~ is entitled to again receive state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(c) The state auditor and the commissioner shall determine if a municipality with a local police or salaried firefighters' relief association fails to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Subd. 1a. [COVERED RETIREMENT PLANS.] The provisions of this section shall apply to the following local retirement funds plans:

(1) ~~any police pension fund or relief association which is established pursuant to chapter 423 the Bloomington firefighters relief association;~~

(2) ~~any salaried firefighters' pension fund or relief association which is established pursuant to chapter 424 the Fairmont police relief association;~~

(3) ~~any pension fund or relief association which is established pursuant to this chapter which~~

has five or more members who receive compensation for services rendered in the employment covered by the pension fund or relief association and which provides for retirement coverage or a service pension based on the compensation paid to members for that service the Minneapolis firefighters relief association;

(4) ~~any pension fund or relief association which is established and operates in whole or in part pursuant to special legislation and which provides for retirement coverage or a service pension based on the compensation paid to members for service as police officers or firefighters or which provides for retirement coverage or a service pension to volunteer firefighters based on the compensation paid to or the service pension provided by a pension fund or relief association located in the same municipality for police officers employed by the municipality but not covered by clause (1), (2) or (3) the Minneapolis police relief association; and~~

(5) ~~any governmental subdivision retirement fund established pursuant to any law providing for retirement coverage to police officers or salaried firefighters or a retirement benefit to their dependents and not otherwise described in this subdivision the Virginia fire department relief association.~~

Subd. 2. [INAPPLICABLE PENALTY.] The penalty provided for in subdivision 1 ~~shall~~ does not apply to a relief association enumerated in subdivision 1a if the requirements of subdivisions 2a ~~3~~ to 2h ~~10~~ are met.

Subd. 2a ~~3~~. [MINIMUM MEMBER CONTRIBUTION.] Each active member of the relief association ~~shall~~ must pay into the special fund of the association during a year of covered service, a contribution for retirement coverage, including survivorship benefits, of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions ~~shall~~ must be made by payroll deduction from the salary of the member by the municipality, and ~~shall~~ must be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this subdivision ~~shall~~ does not apply to any members who are volunteer firefighters.

Subd. 2b ~~4~~. [RELIEF ASSOCIATION FINANCIAL REQUIREMENTS; MINIMUM MUNICIPAL OBLIGATION.] (a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the municipality ~~shall~~ must be determined on or before the submission date established by the municipality ~~pursuant to~~ under subdivision 2e ~~5~~.

(b) The financial requirements of the relief association for the following calendar year ~~shall~~ must be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions 4 to 4k and 356.216, as required ~~pursuant to~~ under subdivision 2h ~~10~~. If an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate ~~shall~~ must be used in calculating the subsequent financial requirements of the relief association.

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated ~~pursuant to~~ under clauses (a), (b), and (c) ~~shall~~ (1), (2), and (3) constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the amount calculated ~~pursuant to~~ under clauses (a) and (b) ~~shall~~ (1) and (2) constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

(a) (1) The normal level cost requirement for the following year, expressed as a dollar amount, which ~~shall~~ must be determined by applying the normal level cost of the relief association as

reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected ~~increase~~ change in the active membership, for the following year;

~~(b) (2) For the Bloomington fire department relief association, the Fairmont police relief association, and the Virginia fire department relief association, to the dollar amount of normal cost thus determined shall under clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. For a relief association in a municipality, The administrative expenses are those authorized under section 69.80. No amount of administrative expenses under this clause shall are to be included in the financial requirements of a the Minneapolis firefighters relief association in a city of the first class with a population of more than 300,000. or the Minneapolis police relief association; and~~

~~(e) (3) To the dollar amount of normal cost and expenses determined under clauses (a) and (b) shall (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 4d. The amortization date specified in this clause shall apply applies to all local police or salaried firefighters' relief associations and shall supersede that date supersedes any amortization date specified in any applicable special law.~~

~~(d) The minimum obligation of the municipality shall be is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts anticipated for the following calendar year from the applicable state aid program established pursuant to under sections 69.011 to 69.051 receivable by the relief association after any allocation made pursuant to under section 69.031, subdivision 5, clause (2), subclause (c), or 423A.01, subdivision 2, clause (6), from the local police and salaried firefighters' relief association amortization aid program established pursuant to under section 423A.02 and, subdivision 1, from the supplementary amortization state-aid program established under Laws 1984, chapter 564, section 48, and Laws 1985, chapter 261, section 17 section 423A.02, subdivision 1a, and from the additional amortization state aid under section 423A.02, subdivision 1b.~~

Subd. 2e 5. [DETERMINATION SUBMISSION.] The officers of the relief association shall submit the determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality, which shall may not be earlier than August 1 and shall may not be later than September 1 of each year. The governing body of the municipality shall must ascertain whether or not the determinations were prepared in accordance with law.

Subd. 2d 6. [MUNICIPAL PAYMENT.] (a) The municipality shall provide for and shall pay, each year, at least the amount of the minimum obligation of the municipality to the relief association.

(b) If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall must be added to the minimum obligation of the municipality for the following year calculated pursuant to under subdivision 2b 4 and shall must include interest at the compound rate of six percent per annum compounded from the date that the municipality was required to make payment pursuant to under this subdivision until the date that the municipality actually makes the required payment.

Subd. 2e 7. [BUDGET INCLUSION.] (a) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated pursuant to under subdivision 2b 4.

(b) The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or

any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied pursuant to under this section shall may not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(c) If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

Subd. 2f 8. [ACCELERATED AMORTIZATION.] Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year shall must be used to amortize any unfunded actuarial accrued liabilities of the relief association.

Subd. 2g 9. [LOCAL POLICE AND PAID FIRE RELIEF ASSOCIATION INVESTMENT AUTHORITY.] (a) The funds of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7. ~~Notwithstanding the foregoing,~~ Up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment under section 356A.06, subdivision 7. Securities held by the association before June 2, 1989, that do not meet the requirements of this subdivision may be retained after that date if they were proper investments for the association on that date.

(b) The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify special fund assets for investment by the state board of investment under section 11A.17. The governing board of the association may certify general fund assets of the relief association for investment by the state board of investment in fixed income pools or in a separately managed account at the discretion of the state board of investment as provided in section 11A.14. The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall use the formula or formulas developed by the state board under section 11A.04, clause (11).

Subd. 2h 10. [ACTUARIAL VALUATION REQUIRED.] The association shall obtain an actuarial valuation showing the condition of the special fund of the relief association pursuant to under sections 356.215 and 356.216 and any applicable standards for actuarial work established by the legislative commission on pensions and retirement as of December 31 of every year. A copy of the actuarial valuation shall must be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive director of the legislative commission on pensions and retirement, and the state auditor, not later than July 1 of the following year.

Subd. 2i 11. [MUNICIPAL APPROVAL OF BENEFIT CHANGES REQUIRED.] Any amendment to the bylaws or articles of incorporation of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from any police or firefighters' relief association enumerated in subdivision 1a shall is not be effective until it is ratified by the municipality in which the relief association is located. The officers of the relief association shall not seek municipal ratification ~~prior to~~ before obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the clerk of the municipality.

Subd. 12. [APPLICATION OF OTHER LAWS TO CONTRIBUTION RATE.] In the absence of any specific provision to the contrary, no general or special law previously enacted may be construed as reducing the amount or rate of contribution to a police or firefighters relief association to which subdivision 1a applies, by a municipality or member of the association, which is required as a condition for the use of public funds or the levy of taxes for the support of the

association. Each association, the municipality in which it is organized, and the officers of each, are authorized to do all things required by this section as a condition for the use of public funds or the levy of taxes for the support of the association.

Subd. 3 13. [CITATION.] This section may be cited as the "Police and Firefighters' Relief Associations Guidelines Act of 1969."

Sec. 2. Minnesota Statutes 2000, section 69.80, is amended to read:

69.80 [AUTHORIZED ADMINISTRATIVE EXPENSES.]

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, shall constitute authorized administrative expenses of a police, salaried firefighters', or volunteer firefighters' relief association organized under any law of this state:

(a) (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(b) (2) salaries of the president, secretary, and treasurer of the association, or their designees, and any other official of the relief association to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986, and their itemized expenses incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(c) (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(d) (4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(e) (5) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(f) (6) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association shall ~~must~~ be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund shall ~~be deemed to be~~ is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense shall must be apportioned between the two funds on the basis of the benefits derived by each fund.

Sec. 3. Minnesota Statutes 2000, section 353A.08, subdivision 6a, is amended to read:

Subd. 6a. [MILITARY SERVICE CONTRIBUTION AND REFUND.] A person who was an active member of a local police or firefighters relief association upon its consolidation with the public employees retirement association, and who was otherwise eligible for automatic service credit for military service under ~~sections Minnesota Statutes 2000, section 423.57 and 424.23,~~ and who has not elected the type of benefit coverage provided by the public employees police and fire fund at the time of consolidation, must make employee contributions under section 353.01, subdivision 16, paragraph (h), to receive allowable service credit from the association for a military service leave after the effective date of the consolidation. A person who later elects, under subdivision 3, to retain benefit coverage under the bylaws of the local relief association is eligible for a refund from the association at the time of retirement. The association shall refund the employee contributions plus interest at the rate of six percent, compounded quarterly, from the date on which contributions were made until the first day of the month in which the refund is paid. The employer shall receive a refund of the employer contributions. The association shall not pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage provided by the public employees police and fire fund or to the person's employer.

Sec. 4. Minnesota Statutes 2000, section 423A.17, is amended to read:

423A.17 [CONTINUATION OF SURVIVING SPOUSE BENEFITS UPON REMARRIAGE.]

(a) Notwithstanding a provision of section ~~69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; or 424.24, subdivision 1, or other law~~, article of incorporation, or bylaw governing a local police or salaried firefighters relief association to the contrary, the governing body of a municipality may mandate the applicable local police or salaried firefighters relief association to provide that a surviving spouse benefit is payable for the life of the surviving spouse and remains payable even in the event of the remarriage of the surviving spouse.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all active, deferred, or retired members of the relief association who have that status on the effective date of the change.

(c) In addition, if the surviving spouse benefit change described in paragraph (a) is made a person who formerly was receiving surviving spouse benefits from the relief association and who had those benefits discontinued by virtue of the remarriage is entitled, upon application, to a resumption of the surviving spouse benefit, beginning with the last day of the month following receipt of the application by the secretary of the relief association. Nothing in this section authorizes the payment of a benefit amount to an estate.

(d) The change must be made by a municipal resolution adopted by a majority vote of the municipality. The resolution must be filed by the secretary of the relief association with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

Sec. 5. Minnesota Statutes 2000, section 423A.171, is amended to read:

423A.171 [BYLAW AMENDMENTS.]

(a) Notwithstanding a provision of section ~~69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; 423B.10; or 424.24, subdivision 1, or other law~~ governing a local police or salaried firefighters' relief association to the contrary, the board of trustees of a local relief association governed by section 69.77 or its successor board under chapter 353A or 353B, with municipal approval as provided in section 69.77, subdivision 2i ~~11~~, may amend the bylaws of the relief association to provide that a surviving spouse benefit is payable to a surviving spouse who married a deferred or retired member after the member's retirement, provided the marriage occurred at least five years before the death of the member.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all deferred or retired members of the relief association who have that status on the effective date of the change.

(c) The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

(d) Notwithstanding the provisions of section 353B.11, a surviving spouse benefit change made under this section for a relief association that has consolidated with the public employees retirement association is effective upon approval by the public employees retirement association and the municipality ~~pursuant to~~ under paragraph (c).

Sec. 6. Minnesota Statutes 2000, section 424A.09, is amended to read:

424A.09 [APPLICATION TO CERTAIN RELIEF ASSOCIATIONS.]

This chapter shall ~~supersede~~ supersedes any special law applicable to any municipal volunteer firefighters' relief association or independent nonprofit firefighting corporation specifically

authorizing the relief association or nonprofit firefighting corporation to exceed the service pension limitations contained in Minnesota Statutes 1978, sections 69.06 and 69.691. Any relief association which amended its bylaws to provide for a full pro rata service pension amount at the specified retirement age with 15 years service credit or 75 percent of the pro rata service pension amount at the specified retirement age with ten years of service pursuant to under Minnesota Statutes 1978, section 69.06, may continue to provide the specified service pension amounts at the applicable years of credited service to any member who has credit for at least ten or 15 years, whichever is the applicable minimum service period specified in the bylaws governing the relief association, on or before December 31, 1979 notwithstanding section 424A.02.

Sec. 7. [APPLICATION; BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION.]

To the extent that Minnesota Statutes 2000, chapter 424, applied to the Bloomington firefighters relief association on the day before the effective date of section 5, Minnesota Statutes 2000, chapter 424, continues to apply to the Bloomington firefighters relief association after that date.

Sec. 8. [REVISOR INSTRUCTIONS.]

(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."

(b) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

Column A	Column B	Column C
<u>69.021, subd. 10</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2c</u>	<u>69.77, subd. 5</u>
<u>299A.465, subd. 5</u>	<u>424.03</u>	<u>Minnesota Statutes,</u> <u>2000, 424.03</u>
<u>353A.07, subd. 6</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>353A.09, subd. 4</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>356.216</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>356.219, subd. 2</u>	<u>69.77, subd. 2g</u>	<u>69.77, subd. 9</u>
<u>423.01, subd. 2</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>423A.18</u>	<u>69.77, subd. 2i</u>	<u>69.77, subd. 11</u>
<u>423A.19, subd. 4</u>	<u>69.77, subd. 2i</u>	<u>69.77, subd. 11</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2c</u>	<u>69.77, subd. 5</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2d</u>	<u>69.77, subd. 6</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2e</u>	<u>69.77, subd. 7</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2f</u>	<u>69.77, subd. 8</u>
<u>423B.21, subd. 1</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>

Sec. 9. [REPEALER; OBSOLETE POLICE AND FIRE PENSION LAWS.]

Subdivision 1. [FIRST CLASS CITY FIRE; REPEALER.] Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; and 69.62, are repealed.

Subd. 2. [THIRD CLASS CITY POLICE; REPEALER.] Minnesota Statutes 2000, sections 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; and 423.392, are repealed.

Subd. 3. [SECOND CLASS CITY POLICE; REPEALER.] Minnesota Statutes 2000, sections 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; and 423.90, are repealed.

Subd. 4. [SECOND CLASS CITY FIRE; REPEALER.] Minnesota Statutes 2000, sections 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; and 424.29, are repealed.

Subd. 5. [ALBERT LEA FIRE; REPEALER.] Laws 1943, chapters 170 and 397; Laws 1947, chapter 274; Laws 1949, chapters 87 and 281; Laws 1951, chapters 233, 420, and 435; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1959, chapter 207; Laws 1963, chapter 643; Laws 1984, chapter 574, section 23; Laws 1985, chapter 261, section 36; and Laws 1993, chapter 72, are repealed.

Subd. 6. [ALBERT LEA POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1976, chapter 247; and Laws 1985, chapter 261, section 36, are repealed.

Subd. 7. [ANOKA POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1973, chapter 587; Laws 1978, chapter 563, section 28; and Laws 1981, chapter 224, sections 263 and 264, are repealed.

Subd. 8. [AUSTIN FIRE; REPEALER.] Laws 1943, chapter 170; Laws 1949, chapter 87; Laws 1951, chapters 45 and 435; Laws 1957, chapter 164; Laws 1963, chapter 36; Laws 1965, chapter 418; Laws 1976, chapter 36; Laws 1978, chapter 579; Laws 1980, chapter 341, sections 9 and 10; Laws 1981, chapter 224, sections 268 and 270; Laws 1992, chapter 455; and Laws 1994, chapter 490, are repealed.

Subd. 9. [AUSTIN POLICE; REPEALER.] Laws 1943, chapter 432; Laws 1976, chapter 36; Laws 1980, chapter 341, sections 9 and 10; and Laws 1981, chapter 224, sections 268 and 270, are repealed.

Subd. 10. [BLOOMINGTON POLICE; REPEALER.] Laws 1965, chapter 498; Laws 1975, chapter 121; Laws 1978, chapter 563, section 17; Laws 1980, chapter 341, section 6; Laws 1981, chapter 224, section 240; and Laws 1993, chapter 202, article 1, are repealed.

Subd. 11. [BRAINERD POLICE; REPEALER.] Laws 1959, chapter 437, is repealed.

Subd. 12. [BROOKLYN CENTER POLICE; REPEALER.] Laws 1967, chapter 736; and Laws 1978, chapter 563, section 18, are repealed.

Subd. 13. [BUHL POLICE; REPEALER.] Laws 1957, chapter 630; Laws 1975, chapter 425; Laws 1976, chapter 247; Laws 1981, chapter 68, section 43; Laws 1982, chapter 578, article II, section 1, subdivision 8; Laws 1984, chapter 574, sections 18 and 20; Laws 1985, chapter 261, section 18; and Laws 1986, chapter 458, section 23, are repealed.

Subd. 14. [CHISHOLM FIRE; REPEALER.] Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapters 293 and 827; Laws 1961, chapter 631; Laws 1971, chapter 809; Laws 1973, chapter 433; Laws 1976, chapter 78; Laws 1978, chapter 648; Laws 1979, chapter 131, section 3; Laws 1981, chapter 68, sections 36 and 37; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 15. [CHISHOLM POLICE; REPEALER.] Laws 1945, chapter 74; Laws 1949, chapter 164; Laws 1953, chapter 235; Laws 1959, chapter 211; Laws 1961, chapter 290; Laws 1971, chapter 810; Laws 1973, chapter 433; Laws 1976, chapter 78; Laws 1978, chapter 563, section 27; and 648; Laws 1979, chapter 131, section 3; Laws 1981, chapters 68, sections 31, 32, and 33; and 224, section 261; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 16. [CLOQUET FIRE; REPEALER.] Laws 1941, chapter 196; Laws 1953, chapter 253; Laws 1955, chapter 42; Laws 1961, chapter 295; Laws 1965, chapter 594; Laws 1967, chapter 783; and Laws 1969, chapter 716, are repealed.

Subd. 17. [COLUMBIA HEIGHTS FIRE; REPEALER.] Laws 1965, chapter 605; Laws 1975, chapter 424; Laws 1977, chapter 374, sections 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, and 60; Laws 1978, chapter 563, sections 29 and 30; and Laws 1981, chapter 224, section 267, are repealed.

Subd. 18. [COLUMBIA HEIGHTS POLICE; REPEALER.] Laws 1977, chapter 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37; and Laws 1993, chapter 126, are repealed.

Subd. 19. [CROOKSTON FIRE; REPEALER.] Laws 1949, chapter 378; Laws 1957, chapter 144; Laws 1963, chapter 636; Laws 1971, chapter 51; Laws 1978, chapter 563, sections 24, 25, and 26; Laws 1981, chapter 224, sections 252 and 253; and Laws 1983, chapter 291, sections 9, 10, 11, 12, 13, 14, 15, 16, and 17, are repealed.

Subd. 20. [CROOKSTON POLICE; REPEALER.] Laws 1976, chapter 85; Laws 1977, chapter 275; Laws 1983, chapter 84, section 1; and Laws 1984, chapter 574, section 26, are repealed.

Subd. 21. [CRYSTAL POLICE; REPEALERS.] Laws 1963, chapter 619; Laws 1969, chapter 1087; and Laws 1980, chapter 607, article XV, section 23, are repealed.

Subd. 22. [DULUTH FIRE; REPEALER.] Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 188; Laws 1961, chapter 186; Laws 1963, chapter 208; Laws 1965, chapter 179; Laws 1967, chapter 732; Laws 1975, chapter 127; Laws 1976, chapter 78, section 4; Laws 1977, chapter 164, section 3; Laws 1992, chapter 448, section 1; and Laws 1994, chapter 474, are repealed.

Subd. 23. [DULUTH POLICE; REPEALER.] Laws 1915, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1943, chapter 267; Laws 1949, chapter 153; Laws 1953, chapter 91; Laws 1955, chapter 187; Laws 1959, chapter 191; Laws 1975, chapter 408; Laws 1976, chapter 99; Laws 1980, chapter 600, section 11; and Laws 1992, chapter 448, are repealed.

Subd. 24. [EVELETH FIRE; REPEALER.] Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1941, chapters 74 and 182; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapter 293; Laws 1961, chapter 620; Laws 1963, chapter 670; and Laws 1969, chapter 552, are repealed.

Subd. 25. [EVELETH POLICE; REPEALER.] Laws 1965, chapter 636; and Laws 1969, chapter 670, are repealed.

Subd. 26. [FARIBAULT FIRE; REPEALER.] Laws 1947, chapter 43; Laws 1949, chapter 154; Laws 1951, chapter 43; Laws 1957, chapter 36; Laws 1961, chapter 443; Laws 1967, chapter 807; Laws 1969, chapter 614; Laws 1975, chapter 389; Laws 1984, chapter 574, section 22; Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6; and Laws 1993, chapter 112, section 2, are repealed.

Subd. 27. [FARIBAULT POLICE; REPEALER.] Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6, are repealed.

Subd. 28. [FRIDLEY FIRE; REPEALER.] Laws 1969, chapter 594, is repealed.

Subd. 29. [FRIDLEY POLICE; REPEALER.] Laws 1977, chapter 83, is repealed.

Subd. 30. [HIBBING FIRE; REPEALER.] Laws 1935, chapter 192; Laws 1943, chapter 413; Laws 1945, chapter 182; Laws 1947, chapter 101; Laws 1951, chapter 48; Laws 1955, chapter 294; Laws 1959, chapter 208; Laws 1967, chapter 816; Laws 1969, chapter 686; Laws 1971, chapter 614; Laws 1975, chapter 254, sections 5 and 6; Laws 1977, chapter 169; Laws 1981, chapter 224, section 260; Laws 1982, chapter 443; Laws 1987, chapter 372, article 2, sections 7, 8, and 9; and Laws 1991, chapter 269, article 2, sections 12 and 13, are repealed.

Subd. 31. [HIBBING POLICE; REPEALER.] Laws 1931, chapter 48; Laws 1933, chapter 122;

Laws 1939, chapter 304; Laws 1945, chapter 300; Laws 1947, chapter 40; Laws 1949, chapter 191; Laws 1951, chapter 243; Laws 1953, chapter 401; Laws 1957, chapter 793; Laws 1965, chapter 536; Laws 1967, chapter 678; Laws 1969, chapter 672; Laws 1971, chapter 807; Laws 1983, chapter 74; Laws 1987, chapter 372, article 2, section 7; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 32. [MANKATO FIRE; REPEALER.] Laws 1949, chapter 144; Laws 1953, chapter 37; Laws 1957, chapter 16; Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; and Laws 1989, chapter 319, article 11, section 3, are repealed.

Subd. 33. [MANKATO POLICE; REPEALER.] Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; Laws 1986, chapter 458, section 34; and Laws 1987, chapter 372, article 2, section 12, are repealed.

Subd. 34. [MOORHEAD FIRE; REPEALER.] Laws 1951, chapter 499; Laws 1955, chapter 75; Laws 1965, chapter 190; Laws 1969, chapter 138; Laws 1975, chapter 120; Laws 1978, chapter 563, sections 12 and 13; Laws 1979, chapter 216, sections 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, and 44; Laws 1981, chapter 224, section 236; and Laws 1982, chapter 578, article III, section 18, are repealed.

Subd. 35. [MOORHEAD POLICE; REPEALER.] Laws 1945, chapter 277; Laws 1967, chapter 775; Laws 1978, chapter 563, section 19; Laws 1979, chapter 216, sections 27, 28, 29, 30, 31, and 44; Laws 1980, chapter 600, section 16; Laws 1981, chapter 224, section 243; and Laws 1982, chapter 578, article III, section 18, are repealed.

Subd. 36. [NEW ULM POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1974, chapter 251; Laws 1981, chapter 224, sections 265 and 266; and Laws 1985, chapter 261, section 20, are repealed.

Subd. 37. [RED WING FIRE; REPEALER.] Laws 1953, chapter 348; Laws 1955, chapter 49; Laws 1957, chapter 10; Laws 1961, chapter 300; Laws 1965, chapter 604; Laws 1973, chapter 359; Laws 1975, chapter 254, sections 1, 2, 3, and 4; and Laws 1984, chapter 574, section 24, are repealed.

Subd. 38. [RED WING POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1973, chapter 346; Laws 1983, chapter 291, section 8; and Laws 1994, chapter 410, are repealed.

Subd. 39. [RICHFIELD FIRE; REPEALER.] Laws 1955, chapter 348; Extra Session Laws 1961, chapter 28; Laws 1963, chapter 464; Laws 1967, chapter 798; Laws 1978, chapter 563, sections 20 and 21; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 244; and Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 13, 14, and 20, are repealed.

Subd. 40. [RICHFIELD POLICE; REPEALER.] Laws 1957, chapter 455; Laws 1965, chapter 458; Laws 1978, chapter 563, section 16; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 239; and Laws 1991, chapter 96, are repealed.

Subd. 41. [ROCHESTER FIRE; REPEALER.] Laws 1959, chapter 131; Laws 1969, chapter 694; Laws 1978, chapter 563, section 14; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 237, are repealed.

Subd. 42. [ROCHESTER POLICE; REPEALER.] Laws 1969, chapter 641; Laws 1975, chapter 368, section 54; Laws 1978, chapters 563, section 23; and 793, section 96; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 248, are repealed.

Subd. 43. [ST. CLOUD FIRE; REPEALER.] Laws 1961, chapter 343; Laws 1963, chapter 453; Laws 1967, chapter 702; Laws 1974, chapter 382; Laws 1977, chapter 270; Laws 1978, chapter 690, sections 9 and 10; and Laws 1982, chapter 402, are repealed.

Subd. 44. [ST. CLOUD POLICE; REPEALER.] Laws 1973, chapter 432; Laws 1980, chapter

341, sections 2, 3, 4, and 5; Laws 1984, chapter 574, section 25; and Laws 1999, chapter 222, article 3, section 6, are repealed.

Subd. 45. [ST. LOUIS PARK FIRE; REPEALER.] Laws 1967, chapter 730; Laws 1969, chapter 576; Laws 1978, chapter 563, section 22; Laws 1981, chapter 224, section 247; and Laws 1985, chapter 261, sections 32, 33, 34, and 35, are repealed.

Subd. 46. [ST. LOUIS PARK POLICE; REPEALER.] Laws 1963, chapter 454; Laws 1980, chapter 600, section 17; Laws 1984, chapter 574, section 19; and Laws 1990, chapter 589, article 1, section 7, are repealed.

Subd. 47. [ST. PAUL FIRE; REPEALER.] Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 375; Laws 1957, chapters 256 and 257; Laws 1961, chapter 376; Laws 1963, chapter 221; Laws 1965, chapter 790; Laws 1967, chapters 644 and 708; Laws 1969, chapters 443, 669, and 671; Laws 1973, chapter 287; Laws 1975, chapter 423; Laws 1977, chapter 164, section 1; Laws 1981, chapter 68, section 35; Laws 1989, chapter 319, article 11, section 12; Laws 1992, chapters 422 and 563, sections 3, 4, and 5; Laws 1993, chapter 110; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 48. [ST. PAUL POLICE; REPEALER.] Special Laws 1889, chapter 425; Special Laws 1891, chapter 11; Laws 1897, chapters 389 and 390; Laws 1919, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1955, chapter 151; Laws 1961, chapters 434 and 435, section 2; Laws 1963, chapter 271; Laws 1965, chapter 465; Laws 1969, chapters 442, 668, and 671; Laws 1971, chapter 549; Laws 1973, chapter 286; Laws 1980, chapter 600, sections 12, 13, 14, and 15; Laws 1981, chapter 68, section 34; Laws 1983, chapter 47; Laws 1988, chapter 709, article 8, section 5; Laws 1989, chapter 319, article 11, sections 2 and 12; Laws 1992, chapters 393, section 1; 563, section 5; and 586, section 1; Laws 1994, chapter 409; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 49. [SOUTH ST. PAUL FIRE; REPEALER.] Laws 1943, chapter 397; Laws 1947, chapter 274; Laws 1949, chapter 281; Laws 1951, chapters 233 and 420; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1961, chapter 747; Laws 1963, chapter 715; Laws 1965, chapter 457; Laws 1969, chapter 849; and Laws 1971, chapter 178, are repealed.

Subd. 50. [SOUTH ST. PAUL POLICE; REPEALER.] Laws 1994, chapter 541, section 3, is repealed.

Subd. 51. [THIEF RIVER FALLS POLICE; REPEALER.] Laws 1981, chapters 68, sections 41 and 42; 224, sections 272 and 273; Laws 1985, chapter 261, section 14; and Laws 1992, chapter 431, section 1, are repealed.

Subd. 52. [VIRGINIA POLICE; REPEALER.] Laws 1935, chapters 92 and 259; Laws 1937, chapter 197; Laws 1949, chapter 235; Laws 1965, chapter 174; Laws 1982, chapter 574, sections 3, 4, 5, 6, and 8; Laws 1985, chapter 261, sections 15 and 16; Laws 1989, chapter 319, article 11, section 4; and Laws 1992, chapter 392, section 1, are repealed.

Subd. 53. [WEST ST. PAUL FIRE; REPEALER.] Laws 1961, chapter 399; Laws 1965, chapter 540; Laws 1982, chapter 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20; and Laws 1984, chapter 574, section 33, are repealed.

Subd. 54. [WEST ST. PAUL POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1967, chapter 751; Laws 1981, chapter 297, sections 1 and 2; Laws 1987, chapter 372, article 2, section 10; and Laws 1995, chapter 262, article 10, section 4, are repealed.

Subd. 55. [WINONA FIRE; REPEALER.] Extra Session Laws 1961, chapter 80; Laws 1963, chapter 443; and Laws 1967, chapter 848, are repealed.

Subd. 56. [WINONA POLICE; REPEALER.] Laws 1959, chapter 108; Extra Session Laws 1961, chapter 80; Laws 1977, chapter 429, section 62; Laws 1986, chapter 359, sections 22, 23, 24, and 25; and Laws 1988, chapter 709, article 9, section 5, are repealed.

Subd. 57. [OTHER REPEALER.] Minnesota Statutes 2000, sections 69.78; 297I.10, subdivision 2; and 423A.03, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on July 1, 2002.

ARTICLE 2

PERA MEMBERSHIP ELIGIBILITY AND SERVICE CREDIT PRORATION

Section 1. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] (a) Public employees whose salary from one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary is less than \$425 in a subsequent month, the employee retains membership eligibility. Eligible public employees shall participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

(1) are specifically excluded under subdivision 2b;

(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or

(3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

(b) A public employee who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership until the employee terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

Sec. 2. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following public employees are not eligible to participate as members of the association with retirement coverage by the public employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office first commences on or after July 1, 2002, for the service to be rendered in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

(3) patient and inmate personnel who perform services for 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. An employer must not apply the definition of temporary position

so as to exclude employees who are hired to fill positions that are permanent or that are for an unspecified period but who are serving a probationary period at the start of the employment. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any 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.

The 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 who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(6) 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;

(7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

~~(8) employees who at the time they are hired by a of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school, if the employment is predicated on the student status of the individual;~~

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(11) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(12) except for employees of Hennepin county, 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 to be reported for membership from the date of the extension;

(13) 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;

(14) 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, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(15) 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, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(16) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local L-1324 pension plan, the painters and allied trades local 61 pension plan, or the Twin Cities plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(19) plumbers employed by the metropolitan airports commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each business year of the governmental subdivision;

(21) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

Sec. 3. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 11b, is amended to read:

Subd. 11b. [TERMINATION OF MEMBERSHIP.] (a) "Termination of membership" means the conclusion of membership in the association and occurs:

(1) upon termination of public service under subdivision 11a;

(2) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31 as evidenced by the appropriate record filed by the governmental subdivision; or

(3) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1).

(b) The termination of membership must be reported to the association by the governmental subdivision.

(c) If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month to qualify for membership, unless the employee has taken a refund of accumulated employee deduction plus interest under section 353.34, subdivision 1.

Sec. 4. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE; LIMITS AND COMPUTATION.] (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and during or for which a member obtained ~~full or fractional~~ service credit for each month in the leave period by payments to the fund made in place of salary deductions. The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a, whichever is earlier. The employer, ~~if~~ by appropriate action of its governing body, which is made a part of its official records, and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for ~~full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;~~

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;

(6) an authorized temporary layoff under subdivision 12. ~~For temporary layoffs that begin before January 1, 2002, allowable service credit is, limited to three months allowable service per authorized temporary layoff in one calendar year. For temporary layoffs that begin on or after January 1, 2002, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:~~

~~(i) members who earned one month of allowable service credit for each of the nine calendar months of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive one month of allowable service credit, limited to three months of allowable service credit per year, for each month of the temporary layoff; or~~

~~(ii) members who earned less than nine months of allowable service credit in the year of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive allowable service credit on a fractional basis for each month of the authorized layoff, limited to three months of allowable service credit, determined by dividing the total number of months of service credit earned for the compensated employment by nine and multiplying the resulting number by the total number of months in the layoff period that are not compensated. An employee who has received the maximum service allowed for an authorized temporary layoff shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized temporary layoff; or~~

(7) a period during which a member is on an authorized leave of absence to enter military service in the armed forces of the United States, provided that the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within three times the length of the military leave period, or five years of the date of discharge from the military service, whichever is less. Payment cannot be accepted following 20 days after termination of public service under subdivision 11a. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching corresponding employer contribution, and additional employer contribution under section 353.27, subdivisions 3 and 3a, if applicable, must be paid by the governmental subdivision employing the member upon return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2), based on the salary or compensated hours used in computing the payment amount.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

~~(d) For persons who, after January 1, 2002, either first become members or terminated membership under subdivision 11b, and again become members, of the public employees retirement plan, the public employees police and fire plan under this chapter, or the local government correctional employee retirement plan under chapter 353E, whichever applies, "allowable service" means credit for compensated hours from which deductions are made, or for which payments are made in lieu of salary deductions as provided under this subdivision, and which are deposited and credited in the fund as provided in section 353.27, determined as follows:~~

~~(1) one month of allowable service credit for each month during which the employee has received salary for 80 or more compensated hours; or~~

~~(2) a fraction of one month of allowable service for each month for which the employee has received salary for less than 80 compensated hours equal to the percentage relationship that the number of compensated hours bear to 80 hours.~~

~~(e) Elected officials and other public employees who are compensated solely on an annual basis shall be granted a full year of credit for each year for which compensation is earned.~~

~~(f) Allowable service that is determined and credited on a fractional basis must be used only in calculating the amount of benefits payable. In determining the length of service required for vesting, a member shall be granted a month of service credit for each month in which the member received compensation from which employee contributions were deducted. For periods of part-time service that are duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern.~~

~~(g) No member shall receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.~~

~~(h) (e) "Allowable service" also means a period purchased under section 356.555.~~

Sec. 5. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 40. [REDUCED SALARY DURING PERIOD OF WORKERS' COMPENSATION.]

(a) A member who is receiving temporary workers' compensation payments related to the member's service to the public employer and who either is receiving a reduced salary from the employer or is receiving no salary from the employer is entitled to receive allowable service credit for the period of time that the member is receiving the workers' compensation payments upon making the payments specified in this subdivision.

(b) The differential salary amount is the difference between the salary received, if any, during the period of time that the member is collecting temporary workers' compensation payments, and the member's average salary on which contributions were made for the last six months of covered employment immediately before collecting the workers' compensation payments.

(c) To receive eligible service credit, the member shall pay an amount equal to the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount; plus an employer

equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount; plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(d) The employer may, by appropriate action of its governing body and specified in its official records, pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(e) Payment under this subdivision must include interest at an 8.5 percent annual rate prorated for applicable months from the date the temporary workers' compensation payments terminate to the date the payment or payments are received by the executive director. Payment under this subdivision must be completed within one year of the termination of the workers' compensation payments to the member, or within 20 days after termination of public service under subdivision 11a, whichever is earlier.

Sec. 6. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 4, is amended to read:

Subd. 4. [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 employee who qualifies for membership under this chapter and 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 14 calendar days. The head of each department or the person's designee shall for each pay period submit to the association a salary deduction report in the format prescribed by the executive director. Data to be submitted as part of salary deduction reporting must include, but are not limited to:

- (1) the legal names and social security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;
- (3) the amount of salary from which each deduction was made;
- (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; ~~and~~
- (6) ~~the number of compensated hours of each employee during the payroll period.~~

(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the format prescribed by the executive director. The required enrollment data on new employees must be submitted to the association 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 data, forms, and reports as may be 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.

(c) Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.

Sec. 7. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 11, is amended to read:

Subd. 11. [EMPLOYERS; REQUIRED TO FURNISH REQUESTED INFORMATION.] All governmental subdivisions shall furnish promptly such other information relative to the

employment status of all employees or former employees, including but not limited to payroll abstracts pertaining to all past and present employees, as may be requested by the association or its executive director, including schedules of salaries applicable to various categories of employment, ~~and the number of actual or estimated compensated hours for employees.~~ In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the association or its executive director. Should the association receive such schedules of estimated earnings, the executive director is hereby authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the retirement fund. If estimates are not furnished by the employer pursuant to the request of the association or its executive director, the association may estimate the obligations of the employee and employer to the retirement fund based upon such records as are in its possession. Where payroll abstracts have been lost or destroyed, the governmental agency need not furnish any information pertaining to employment prior to July 1, 1963. The association shall make no estimate of any obligation of any employee, former employee, or employer covering employment prior to July 1, 1963.

Sec. 8. [REPEALER.]

Minnesota Statutes 2001 Supplement, section 353.01, subdivision 39, is repealed.

Sec. 9. [EFFECTIVE DATE.]

(a) Except as provided in paragraph (b), sections 1 to 4 and 6 to 8 are effective retroactively from January 1, 2002.

(b) The amendment to Minnesota Statutes, section 353.01, subdivision 2b, clause (12), in section 1, is effective on the day after the date on which the governing body of Hennepin county and the chief clerical officer of the county complete in a timely manner their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 5 is effective on the day following final enactment.

ARTICLE 3

PERA LOCAL GOVERNMENT CORRECTIONAL RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2000, section 353E.02, subdivision 1, is amended to read:

~~Subdivision 1. [RETIREMENT COVERAGE.] Local government correctional service employees are~~ The members of the local government correctional service retirement plan established by this chapter are:

- (1) local government correctional service employees as defined in subdivision 2; and
- (2) medical center protection officers as defined in subdivision 2a.

Sec. 2. Minnesota Statutes 2000, section 353E.02, is amended by adding a subdivision to read:

Subd. 2a. [MEDICAL CENTER PROTECTION OFFICER.] (a) A medical center protection officer, for purposes of subdivision 1, is a person whom the employer certifies:

- (1) is employed by the Hennepin county medical center as a protection officer;
- (2) is directly responsible for the direct security of the medical center;
- (3) is expected to respond to any incidents within the medical center as part of the person's regular employment duties and is trained to do so; and

(4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire plan.

(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.

Sec. 3. Minnesota Statutes 2000, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A member of the local government correctional service employee retirement plan shall make an employee contribution in an amount equal to 6.01 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a member of the local government correctional service employee retirement plan an amount equal to 9.02 percent of salary.

Sec. 4. Laws 2000, chapter 461, article 10, section 3, as amended by Laws 2001, First Special Session chapter 10, article 3, section 28, is amended to read:

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, 2003.

Sec. 5. [REPEALER.]

Laws 2000, chapter 461, article 10, section 2, is repealed.

Sec. 6. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 3 are effective on July 1, 2002.

(b) Section 4 is effective on the day following final enactment.

(c) Section 5 is effective on August 1, 2002.

ARTICLE 4

PENSION COVERAGE FOR PRIVATIZED PUBLIC HOSPITALS

Section 1. Minnesota Statutes 2000, section 353F.02, subdivision 4, is amended to read:

Subd. 4. [MEDICAL FACILITY.] "Medical facility" means:

- (1) the Glencoe area health center;
- (2) the Luverne public hospital; ~~and~~
- (3) the Waconia-Ridgeview medical center; and
- (4) the Kanabec hospital.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective upon the latter of:

(1) the day after the governing body of Kanabec county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) 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 Kanabec hospital employees under section 1 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 Kanabec hospital.

ARTICLE 5
CLOSED CHARTER SCHOOL
UNPAID RETIREMENT CONTRIBUTIONS

Section 1. Minnesota Statutes 2001 Supplement, 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 a public schools school~~ of the state located outside of the corporate limits of ~~the cities~~ a city of the first class, or in any charter school, irrespective of the location of the school, 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, 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;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. 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; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the board of trustees of the Minnesota state colleges and universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) ~~Teacher~~ "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person 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;

(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

(4) a person exempt from licensure under section 122A.30.

Sec. 2. Minnesota Statutes 2000, section 354A.011, subdivision 27, is amended to read:

Subd. 27. [TEACHER.] (a) "Teacher" means any person who renders service ~~in~~ for a public school district, other than a charter school, located in the corporate limits of one of the cities of the first class which was so classified on January 1, 1979, as any of the following:

(a) (1) a full-time employee in a position for which a valid license from the state department of children, families, and learning is required;

(b) (2) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis employees retirement fund established pursuant to chapter 422A;

(c) (3) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required; or

(d) (4) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service ~~shall~~ may not be covered by the association.

(b) The term ~~shall~~ does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the teachers retirement association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2; ~~or~~

(5) a teacher employed by a charter school, irrespective of the location of the school; or

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 3. Minnesota Statutes 2000, section 354A.12, subdivision 3d, is amended to read:

Subd. 3d. [SUPPLEMENTAL ADMINISTRATIVE EXPENSE ASSESSMENT.] (a) The active and retired membership of the Minneapolis teachers retirement fund association and of the St. Paul teachers retirement fund association is responsible for defraying supplemental

administrative expenses other than investment expenses of the respective teacher retirement fund association.

(b) Investment expenses of the teachers retirement fund association are those expenses incurred by or on behalf of the retirement fund in connection with the investment of the assets of the retirement fund other than investment security transaction costs. Other administrative expenses are all expenses incurred by or on behalf of the retirement fund for all other retirement fund functions other than the investment of retirement fund assets. Investment and other administrative expenses must be accounted for using generally accepted accounting principles and in a manner consistent with the comprehensive annual financial report of the teachers retirement fund association for the immediately previous fiscal year under section 356.20.

(c) Supplemental administrative expenses other than investment expenses of a first class city teacher retirement fund association are those expenses for the fiscal year that:

(1) exceed, for the St. Paul teachers retirement fund association \$443,745, or for the Minneapolis teacher retirement fund association \$671,513, plus, in each case, an additional amount derived by applying the percentage increase in the consumer price index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor since July 1, 2001, to the applicable dollar amount; and

(2) exceed the amount computed by applying the most recent percentage of pay administrative expense amount, other than investment expenses, for the teachers retirement association governed by chapter 354 to the covered payroll of the respective teachers retirement fund association for the fiscal year.

(d) The board of trustees of each first class city teachers retirement fund association shall allocate the total dollar amount of supplemental administrative expenses other than investment expenses determined under paragraph (c), clause (2), among the various active and retired membership groups of the teachers retirement fund association and shall assess the various membership groups their respective share of the supplemental administrative expenses other than investment expenses, in amounts determined by the board of trustees. The supplemental administrative expense assessments must be paid by the membership group in a manner determined by the board of trustees of the respective teachers retirement association. Supplemental administrative expenses payable by the active members of the pension plan must be picked up by the employer in accordance with section 356.62.

(e) With respect to the St. Paul teachers retirement fund association, the supplemental administrative expense assessment must be fully disclosed to the various active and retired membership groups of the teachers retirement fund association. The chief administrative officer of the St. Paul teachers retirement fund association shall prepare a supplemental administrative expense assessment disclosure notice, which must include the following:

(1) the total amount of administrative expenses of the St. Paul teachers retirement fund association, the amount of the investment expenses of the St. Paul teachers retirement fund association, and the net remaining amount of administrative expenses of the St. Paul teachers retirement fund association;

(2) the amount of administrative expenses for the St. Paul teachers retirement fund association that would be equivalent to the teachers retirement association noninvestment administrative expense level described in paragraph (c);

(3) the total amount of supplemental administrative expenses required for assessment calculated under paragraph (c);

(4) the portion of the total amount of the supplemental administrative expense assessment allocated to each membership group and the rationale for that allocation;

(5) the manner of collecting the supplemental administrative expense assessment from each membership group, the number of assessment payments required during the year, and the amount of each payment or the procedure used to determine each payment; and

(6) any other information that the chief administrative officer determines is necessary to fairly portray the manner in which the supplemental administrative expense assessment was determined and allocated.

(f) The disclosure notice must be provided annually in the annual report of the association.

(g) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(h) Any omitted active membership group assessments that remain undeducted and unpaid to the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

Sec. 4. [STATE PAYMENT OF CERTAIN UNPAID CHARTER SCHOOL RETIREMENT CONTRIBUTIONS.]

Subdivision 1. [UNPAID CONTRIBUTIONS.] (a) The state of Minnesota shall make any unpaid employee, employer, and employer additional contributions to the applicable retirement association for teaching or other service in a designated charter school which closed before April 1, 2002, without having paid the required contributions to the retirement association.

(b) By June 1, 2002, the chief administrative officer of the retirement association shall certify to the commissioner of children, families, and learning the amount of accrued contributions, plus applicable interest, which were not paid by each designated charter school before its closure. On July 1, 2002, the commissioner of children, families, and learning shall pay the amounts certified from the state total building lease aid otherwise payable under Minnesota Statutes, section 124D.11, subdivision 4a, to the affected retirement associations. The commissioner shall remit directly to the retirement association the amounts certified under this section. The applicable retirement association shall credit employee contribution payments to the applicable member accounts and shall credit to the applicable members allowable and formula service and covered salary for the period when the teaching or other service was actually performed in the charter school. State payments representing unpaid employee contributions must be considered accumulated employee or member deductions for purposes of Minnesota Statutes, section 353.34; 354.49; or 354A.37.

Subd. 2. [COVERED RETIREMENT ASSOCIATIONS.] This section applies to the following public retirement associations providing retirement coverage for employees in charter schools:

- (1) the teachers retirement association;
- (2) the Minneapolis teachers retirement fund association;
- (3) the St. Paul teachers retirement fund association;
- (4) the Duluth teachers retirement fund association; and
- (5) the public employees retirement association.

Subd. 3. [DESIGNATED CLOSED CHARTER SCHOOLS.] This section applies to the Frederick Douglass charter school and any other charter school that is determined by the commissioner of children, families, and learning to have closed before April 1, 2002.

Sec. 5. [CONTINUING RECOVERY AUTHORITY.]

Nothing in section 4 relieves the sponsor of a closed charter school and the operator of a closed charter school from any financial responsibility that those parties may have to pay unpaid employee, employer, or employer additional contributions to the applicable public retirement plans. The commissioner of revenue shall undertake all reasonable efforts to recover these

amounts. Any recovered amounts must be deposited in the general fund and are appropriated to the department of children, families, and learning to offset the payment of unpaid contributions under section 4.

Sec. 6. [EFFECTIVE DATE.]

(a) Sections 1 and 2 are effective on July 1, 2002.

(b) Sections 4 and 5 are effective on the day following final enactment.

ARTICLE 6
TEACHER RETIREMENT PLANS
SERVICE CREDIT PURCHASE
DEADLINE EXTENSION

Section 1. Laws 1999, chapter 222, article 16, section 16, is amended to read:

Sec. 16. [REPEALER.]

Sections 1 to 13 are repealed on May 16, ~~2002~~ 2003.

Sec. 2. Laws 2000, chapter 461, article 12, section 20, is amended to read:

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~~ 2003.

Sec. 3. Laws 2001, First Special Session chapter 10, article 6, section 21, is amended to read:

Sec. 4. [EXPIRATION DATE.]

(a) The amendments in sections 1, 2, 3, 4, 10, 12, 16, 17, 18, 19, and 20 expire May 16, 2003.

(b) Sections 9 and 15 expire May 16, ~~2002~~ 2003.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on the day following final enactment.

ARTICLE 7
RECODIFICATION OF SOCIAL
SECURITY COVERAGE PROVISIONS

Section 1. Minnesota Statutes 2000, section 355.01, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] For the purposes of this chapter, ~~as amended,~~ each of the terms defined in this section have has the meanings meaning ascribed to them herein.

Sec. 2. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2a. [CONSTITUTIONAL OFFICER.] "Constitutional officer" means the governor, lieutenant governor, attorney general, secretary of state, state auditor, and state treasurer who is duly elected and who was sworn into office.

Sec. 3. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2b. [DULUTH TEACHER.] "Duluth teacher" means a person employed by independent

school district No. 709, Duluth, who holds a position covered by the Duluth teachers retirement fund association established under chapter 354A.

Sec. 4. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2c. [EDUCATIONAL EMPLOYEE.] "Educational employee" means an employee of the state of Minnesota or of a public subdivision of the state who performs services in a position covered by the teachers retirement association under chapter 354.

Sec. 5. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2d. [EMPLOYEE.] "Employee" means a person employed by the state of Minnesota or by a political subdivision of the state and includes an officer of the state of Minnesota or of a political subdivision of the state.

Sec. 6. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2e. [EMPLOYEE TAX.] "Employee tax" means the tax imposed by section 3101 of the Internal Revenue Code of 1986.

Sec. 7. Minnesota Statutes 2000, section 355.01, subdivision 3, is amended to read:

Subd. 3. [EMPLOYMENT.] The term (a) "Employment" means any service performed by an employee in the employ of the state, or any political subdivision thereof, for such that employer, except:

(1) service which in the absence of an agreement entered into under this chapter, as amended, would constitute "employment" as defined in the Social Security act; or

(2) service which under the Social Security Act may is not permitted to be included in an agreement between the state and the federal Secretary of Health, Education, and Welfare Human Services entered into under this chapter, as amended.

(b) Service which under the Social Security Act may is permitted to be included in an agreement only upon certification by the governor in accordance with section 218(d) (3) of that act shall must be included in the term "employment" if and when the governor issues, with respect to such that service, a the appropriate federal certificate to the federal Secretary of Health, Education, and Welfare Human Services.

Sec. 8. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3a. [FEDERAL INSURANCE CONTRIBUTIONS ACT.] "Federal Insurance Contributions Act" means subchapters A and B of chapter 21 of the Internal Revenue Code of 1986, as amended through December 31, 2000.

Sec. 9. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3b. [GOVERNMENTAL EMPLOYER.] "Governmental employer" means any political subdivision as defined in section 218 of the Social Security Act. The term includes a city, county, town, hospital district, or other body, politic and corporate, located in Minnesota.

Sec. 10. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3c. [HIGHER EDUCATION EMPLOYEE.] "Higher education employee" means an employee of the state of Minnesota who performs services in a Minnesota state colleges and universities system in a position covered by the individual retirement account plan under section 354B.21 and who remains a member of the teachers retirement association for purposes of social security coverage only.

Sec. 11. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3d. [HOSPITAL EMPLOYEE.] "Hospital employee" means an officer or employee of a

public hospital who performs services in a position covered by the public employees retirement association under chapter 353.

Sec. 12. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3e. [JUDGE.] "Judge" means a judge as defined in section 490.121, subdivision 3.

Sec. 13. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3f. [LEGISLATOR.] "Legislator" means a member of the legislature who is duly elected and who was sworn into office.

Sec. 14. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3g. [LOCAL GOVERNMENTAL SUBDIVISION.] "Local governmental subdivision" means:

- (1) a political subdivision as defined in section 218(b) of the Social Security Act;
- (2) an instrumentality of the state;
- (3) an instrumentality of one or more of the political subdivisions of the state, including the league of Minnesota cities;
- (4) an instrumentality of the state and one or more of its political subdivisions;
- (5) a governmental subdivision as defined in section 353.01, subdivision 6; and
- (6) any instrumentality established under a joint powers agreement under section 471.59 wherein the instrumentality is responsible for the employment and the payment of the salaries of the employees of the instrumentality.

Sec. 15. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3h. [MINNEAPOLIS TEACHER.] "Minneapolis teacher" means a person employed by special school district No. 1, Minneapolis, who holds a position covered by the Minneapolis teachers retirement fund association established under chapter 354A.

Sec. 16. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3i. [POLITICAL SUBDIVISION.] "Political subdivision" means any political subdivision as defined in section 218(b) of the Social Security Act, and includes any instrumentality of the state, any instrumentality of one or more of its political subdivisions, including the league of Minnesota municipalities, any instrumentality of the state and one or more of its political subdivisions, and an instrumentality established under a joint powers agreement under section 471.59, wherein the instrumentality is responsible for the employment and payment of the salaries of employees of the instrumentality.

Sec. 17. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3j. [PUBLIC EMPLOYEE.] "Public employee" means an officer or an employee of a local governmental subdivision of the state who performs services in a position covered by the public employees retirement association established under chapter 353.

Sec. 18. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3k. [PUBLIC HOSPITAL.] "Public hospital" means a hospital that is owned or operated by a governmental employer or a combination of governmental employers, or a hospital that is an integral part of a governmental employer or of a combination of governmental employers.

Sec. 19. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3l. [ST. PAUL TEACHER.] "St. Paul teacher" means a person employed by independent

school district No. 625, St. Paul, who holds a position covered by the St. Paul teachers retirement fund association established under chapter 354A.

Sec. 20. Minnesota Statutes 2000, section 355.01, subdivision 6, is amended to read:

Subd. 6. [SECRETARY OF HEALTH AND HUMAN SERVICES.] The term "Secretary of Health, Education, and Welfare Human Services" means the secretary of the federal Department of Health and Human Services and includes any individual to whom the Secretary of Health, Education, and Welfare Human Services has delegated any functions under the Social Security Act with respect to coverage under such act of employees of states and their political subdivisions.

Sec. 21. Minnesota Statutes 2000, section 355.01, subdivision 8, is amended to read:

Subd. 8. [SOCIAL SECURITY ACT.] The term "Social Security Act" means the Act of Congress approved August 14, 1935, chapter 531, Statutes at Large, volume 49, page 620, officially cited as the "Social Security Act," as such act has been and may from time to time be amended (including the relevant regulations and requirements issued pursuant thereto).

Sec. 22. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 11. [SPECIAL AUTHORITY OR DISTRICT.] "Special authority or district" means a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, a soil and water conservation district organized under chapter 103C, a port authority organized under sections 469.048 to 469.068, an economic development authority organized under sections 469.090 to 469.108, or a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 23. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 12. [SPECIAL AUTHORITY OR DISTRICT EMPLOYEE.] "Special authority or district employee" means an employee, other than an elected official, of a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, of a soil and water conservation district organized under chapter 103C, of a port authority organized under sections 469.048 to 469.068, of an economic development authority organized under sections 469.090 to 469.108, or of a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 24. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 13. [STATE AGENCY.] "State agency" means the commissioner of employee relations.

Sec. 25. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 14. [STATE EMPLOYEE.] "State employee" means an employee of the state of Minnesota or of a political subdivision who performs services in a position covered by the general state employees retirement system of the Minnesota state retirement system governed by chapter 352, except any position for which the compensation is on a fee basis.

Sec. 26. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 15. [WAGES.] "Wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash. The term does not include that part of the remuneration which, even if it were for employment within the meaning of the Federal Insurance Contributions Act, would not constitute wages within the meaning of that act.

Sec. 27. Minnesota Statutes 2000, section 355.02, is amended to read:

355.02 [AGREEMENTS.]

Subdivision 1. [GENERAL AUTHORITY.] (a) The state agency, with the approval of the governor, is hereby authorized to enter into an agreement on behalf of the state with the federal Secretary of Health, Education, and Welfare Human Services, consistent with the terms and provisions of this chapter, as amended, for the purpose of extending the benefits of the federal old

age and, survivors, and disability insurance system to employees of the state or any political subdivision thereof with respect to services specified in such the agreement which constitute "employment," whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

Pursuant to such (b) Under this specific authorization the agreement may contain such those provisions relating to coverage, benefits, contributions, effective date, modification and termination of the agreement, administration, and other appropriate provisions as the state agency and the federal Secretary of Health, Education, and Welfare Human Services shall agree upon, but, except as may be otherwise required by or under the Social Security Act as to the services to be covered, such agreement shall must provide in effect that:

(1) benefits will be provided for employees whose services are covered by the agreement (and their dependents and survivors) on the same basis as though such those services constituted employment within the meaning of title II of the Social Security Act;

(2) the state or other employer will pay to the federal Secretary of the Treasury, at such time or times as may be prescribed under the Social Security Act, contributions with respect to wages, equal to the sum of the taxes which would be imposed by the Federal Insurance Contributions Act if the services covered by the agreement constituted employment within the meaning of that act;

(3) ~~Such the agreement shall be~~ is effective with respect to services in employment covered by the agreement performed after a date specified therein ~~but in no event may it be effective with respect to any such services performed prior to the first day of the calendar year in which such agreement is entered into or in which the modification of the agreement making it applicable to such services, is entered into except that an agreement or modification entered into prior to January 1, 1960, may be effective with respect to services performed after December 31, 1955, or after a later date specified in such agreement or modification; and~~

(4) all services which constitute employment and are performed in the employ of the state or any of its political subdivisions by employees thereof, may be covered by ~~such the agreement~~ whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

Subd. 2. [INTERSTATE INSTRUMENTALITY.] (a) Any instrumentality jointly created by this state and any other state or states is hereby authorized, upon the granting of like authority by ~~such the other state or states, to:~~

(1) ~~to enter into an agreement with the federal Secretary of Health, Education, and Welfare Human Services whereby the benefits of the federal old age and, survivors, and disability insurance system shall be~~ are extended to employees of ~~such the instrumentality;~~

(2) ~~to require its employees to pay (and for that purpose to deduct from their wages) contributions equal to the amounts which they would be required to pay under section 355.03, subdivision 1, if they were covered by an agreement made pursuant to~~ under subdivision 1; and

(3) ~~to make payments to the federal Secretary of the Treasury in accordance with such that agreement, including payments from its own funds, and otherwise to comply with such those agreements. Such~~

(b) ~~The agreements shall~~ must, to the extent practicable, be consistent with the terms and provisions of subdivision 1 and other provisions of this chapter, ~~as amended.~~

Subd. 3. [GROUPS COVERED BY SOCIAL SECURITY.] The following groups must be covered by an agreement or a modification to an agreement between the state agency and the federal Secretary of Health and Human Services:

(1) constitutional officers;

- (2) Duluth teachers;
- (3) educational employees;
- (4) higher education employees;
- (5) hospital employees;
- (6) judges;
- (7) legislators;
- (8) Minneapolis teachers;
- (9) public employees;
- (10) St. Paul teachers;
- (11) special authority or district employees; and
- (12) state employees.

Sec. 28. Minnesota Statutes 2000, section 355.03, is amended to read:

355.03 [EMPLOYEES AND EMPLOYERS, CONTRIBUTIONS.]

Subdivision 1. [EMPLOYEE CONTRIBUTION AMOUNT.] Every employee of the state, or of any of its political subdivisions, whose services are covered by the agreement entered into under section 355.02 shall be required to must pay for the period of such the coverage, into the contribution fund established by section 355.04, contributions; with respect to wages, equal to the amount of the employee's tax which would be imposed by the Federal Insurance Contributions Act if such those services constituted employment within the meaning of that act. Such This liability shall arise arises in consideration of the employee's retention in the service of the state, or any of its political subdivisions, or the employee's entry upon such that service, after the enactment of this chapter, as amended.

Subd. 2. [EMPLOYEE DEDUCTION.] The contribution imposed by this section shall must be collected by the covered employee's employer by deducting the amount of the contribution from wages as and when paid, but. The failure to make such deduction shall not relieve the employee from liability for such contribution.

Subd. 2a. [EMPLOYER CONTRIBUTION.] (a) Employer contributions that are required under the agreement must be paid by the applicable employing unit.

(b) Employer contributions on behalf of St. Paul teachers, Duluth teachers, Minneapolis teachers, or education employees may be paid from normal school operating funds. Employer contributions on behalf of state employees must be paid by the applicable department or agency from its appropriation or other revenue, in the same proportion as salaries are paid, and must be charged as an administrative cost of the state governmental unit.

(c) Employing units may pay the employer contribution from taxes collected or from other governmental revenue. An employing unit may include in its tax levy the amount necessary to pay its social security obligations. If the taxes authorized to be levied cause the total levy amount to exceed any limitation on the power of the employing unit to levy taxes, the unit may still levy the necessary amount. The employing unit, in the event of a deficit, may issue debt obligations, payable in not more than two years, in an amount which may cause its indebtedness to exceed any limitation without holding an election and may levy taxes to amortize the indebtedness. The authorized social security expenditures must not be included in computing the cost of government for purposes of any home rule charter or other charter.

(d) If the required employer contribution for social security is increased and, as a result of that increase, there is insufficient money available to a state governmental unit, there is appropriated to

the state department or agency from the general fund the amount required to meet the deficiency, based on certifications from the commissioner of employee relations to the commissioner of finance. The transfer of the appropriated amount may only occur after the commissioner of finance notifies the chair and ranking minority member of the house committee on ways and means and the chair and ranking minority member of the senate state government finance committee of the amount to be transferred.

(e) For members of the general state employees retirement plan of the Minnesota state retirement system who are employed by the state horticultural society, the department of Minnesota for the disabled American veterans organization, the department of Minnesota of the veterans of foreign wars organization, the Minnesota crop improvement association, the Minnesota historical society, the armory building commission, and the Minnesota-Wisconsin-Minneapolis-St. Paul survival plan project, the applicable employing unit must pay the employer contribution from any revenue source that it has.

Subd. 3. [ADJUSTMENTS; REFUNDS.] If more or less than the correct amount of the contribution imposed by this section is paid or deducted with respect to any remuneration, proper adjustments, or refund if adjustment is impracticable, ~~shall~~ must be made, without interest, in such manner and at such times as the state agency ~~shall prescribe~~ prescribes.

Subd. 4. [DELINQUENT PAYMENTS.] Delinquent payments that are due under this chapter, with compound interest at the rate of six percent per annum, may be recovered by legal action in a court of competent jurisdiction against an employing unit that is liable for the amount. The state agency may request that the delinquent payment and interest amount be deducted from any other money that is payable to the applicable employing unit by any department or agency of the state. An action for the recovery of delinquent payments is not subject to any statutory provision that would otherwise limit the time within which an action may be commenced.

Sec. 29. [355.035] [REIMBURSEMENT BY EMPLOYING UNITS.]

An employing unit which employs a member of a covered group must reimburse the state agency for its pro rata share of the cost of the administration of the agency with respect to social security coverage in accordance with the rules of the state agency pertaining to this reimbursement.

Sec. 30. [355.036] [REPORTS.]

An employing unit which employs a member of a covered group must make any reports in the form required and must include the information that the state agency requires. An employing unit also must comply with the reporting requirements that the state agency or the federal Secretary of Health and Human Services may from time to time determine are necessary to ensure the correctness and verification of relevant information.

Sec. 31. [355.037] [PROCEEDS OF SPECIAL BENEFIT TAXES.]

The proceeds of the special benefit taxes that are authorized to be levied for redevelopment purposes under section 469.033, subdivision 6, may be used to defray all or part of the costs incurred by any housing and redevelopment authority under this chapter.

Sec. 32. Minnesota Statutes 2000, section 355.05, is amended to read:

355.05 [RULES.]

The state agency shall make and publish such ~~may promulgate~~ those rules, not inconsistent with the provisions of this chapter, ~~as amended~~, as it finds necessary or appropriate to the efficient administration of the functions with which it is charged under this chapter, ~~as amended~~.

Sec. 33. Minnesota Statutes 2000, section 355.07, is amended to read:

355.07 [DECLARATION OF POLICY.]

(a) In order to extend to employees of the state and, its political subdivisions, and its other governmental employers, and to the dependents and survivors of such the employees of those employing units, the basic protection accorded to others by the old age and, survivors, and disability insurance system embodied in the Social Security Act, it is hereby declared to be the policy of the legislature, subject to the limitations of this chapter, that these steps are taken to provide protection to employees of the state and its political subdivisions on as broad a basis as may be authorized by the legislature and is permitted under the Social Security Act.

(b) It is also the policy of the legislature that the protection afforded employees in positions covered by a retirement system on the date an agreement under this chapter is made applicable to service performed in those positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof when combined with the benefits accorded the employee by the Social Security Act.

(c) To this end, the agreement referred to in section 355.02 ~~shall~~ must not be made applicable to any service performed in any position covered by a retirement system unless a referendum is first held by secret ballot in which a majority of "eligible employees," as defined in section 218(d) (3) of the Social Security Act, vote in favor thereof, or unless a retirement system is divided in two divisions or parts, one of which is composed of positions of members of the system who desire coverage and one of which is composed of positions of members of the system who do not desire coverage under section 218(d) (3) of the Social Security Act, in accordance with subsections (6) and (7) thereof.

(d) Nothing in any provision of this chapter ~~shall authorize~~ authorizes the extension of the insurance system established by this chapter, ~~as amended,~~ to service in any police officer's or firefighter's position or in any position covered by a retirement system applicable exclusively to positions in one or more law enforcement or fire fighting units, agencies or departments.

Sec. 34. Minnesota Statutes 2000, section 355.08, is amended to read:

355.08 [APPLICATION OF SOCIAL SECURITY ACT.]

The provisions of the Social Security Act, ~~and all acts amendatory thereof,~~ shall govern relative to employees of the state ~~and, its political subdivisions, and its other governmental employers~~ subject to ~~Minnesota Statutes, this~~ chapter 355, as amended, anything in ~~said this~~ chapter to the contrary notwithstanding.

Sec. 35. [355.091] [DIVISION OF RETIREMENT PLANS.]

(a) The public retirement plans enumerated in paragraph (b) must be divided into two parts in accordance with section 218(d)(6)(c) of the Social Security Act, with one part composed of plan members who did not elect social security coverage in the applicable referendum and the other part composed of plan members who did elect social security coverage in the applicable referendum.

(b) The applicable public retirement plans are:

(1) the elective state officers retirement plan;

(2) the judges retirement plan;

(3) the legislators retirement plan;

(4) the Minneapolis teachers retirement fund association;

(5) the general employees retirement plan of the public employees retirement association;

(6) the St. Paul teachers retirement fund association; and

(7) the teachers retirement association.

(c) Plan participants and persons electing participation under section 354B.21 remain members of the teachers retirement association for purposes of social security coverage only, and remain covered by the applicable agreement entered into under section 355.01, but are not members of the teachers retirement association for any other purpose while employed in covered employment.

Sec. 36. [REPEALER.]

Minnesota Statutes 2000, sections 355.01, subdivisions 2, 4, 5, 9, and 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; and 355.90, are repealed.

Sec. 37. [EFFECTIVE DATE.]

Sections 1 to 36 are effective on July 1, 2002.

ARTICLE 8
PUBLIC PENSION PLAN
ACTUARIAL ASSUMPTION REVISIONS

Section 1. Minnesota Statutes 2000, 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%	6.0%
correctional state employees retirement plan	8.5	6.0
state patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
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	8.5
Minneapolis police relief		

association	6.0	6.0
other local Fairmont police relief associations association	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighters Virginia fire department relief associations association	5.0	5.0
local monthly benefit volunteer firefighters 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 police relief association	4.0
other local Fairmont police relief associations association	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighters Virginia fire department relief associations association	3.5

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	<u>the prior calendar year</u> amount increased <u>first</u> by 1.0198 percent to prior fiscal year date and <u>then increased</u> by 4.0 percent annually for each future year

(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	select calculation and assumption A
correctional state employees retirement plan	assumption H
state patrol retirement plan	assumption H
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C

local government correctional service retirement plan	assumption H
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption G

The select calculation is, during the ten-year select period, 0.2 a designated 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. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the Saint Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

The ultimate future salary increase assumption is :

age	A	B	C	D	E	F	G	H
16	6.95%	6.95%	11.50%	8.20%	8.00%	7.50%	7.25%	7.7500
						6.50	6.90	
17	6.90	6.90	11.50	8.15	8.00	7.50	7.25	7.7500
						6.50	6.90	
18	6.85	6.85	11.50	8.10	8.00	7.50	7.25	7.7500
						6.50	6.90	
19	6.80	6.80	11.50	8.05	8.00	7.50	7.25	7.7500
						6.50	6.90	
20	6.75	6.75	11.50	8.00	8.00	7.50	7.25	7.7500
		6.40		6.00	6.90	6.50	6.90	
21	6.70	6.70	11.50	7.95	8.00	7.50	7.25	7.1454
	6.75	6.40		6.00	6.90	6.50	6.90	
22	6.65	6.65	11.00	7.90	8.00	7.50	7.25	7.0725
	6.75	6.40		6.00	6.90	6.50	6.90	
23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
24	6.66	6.55	10.00	7.80	7.80	7.30	7.20	7.0363
	6.75	6.40		6.00	6.80	6.50	6.80	
25	6.50	6.50	9.50	7.75	7.70	7.20	7.15	7.0000
	6.75	6.40		6.00	6.75	6.50	6.75	
26	6.45	6.45	9.20	7.70	7.60	7.10	7.10	7.0000
	6.75	6.36		6.00	6.70	6.50	6.70	
27	6.40	6.40	8.90	7.65	7.50	7.00	7.05	7.0000
	6.75	6.32		6.00	6.65	6.50	6.65	
28	6.35	6.35	8.60	7.60	7.40	6.90	7.00	7.0000
	6.75	6.28		6.00	6.60	6.50	6.60	
29	6.30	6.30	8.30	7.55	7.30	6.80	6.95	7.0000
	6.75	6.24		6.00	6.55	6.50	6.55	

78TH DAY]

WEDNESDAY, MARCH 6, 2002

5003

30	<u>6.25</u>	<u>6.30</u>	8.00	<u>7.50</u>	<u>7.20</u>	<u>6.70</u>	<u>6.90</u>	7.0000
	<u>6.75</u>	<u>6.20</u>		<u>6.00</u>	<u>6.50</u>	<u>6.50</u>	<u>6.50</u>	
31	<u>6.20</u>	<u>6.25</u>	7.80	<u>7.45</u>	<u>7.10</u>	<u>6.60</u>	<u>6.85</u>	7.0000
	<u>6.75</u>	<u>6.16</u>		<u>6.00</u>	<u>6.45</u>	<u>6.50</u>	<u>6.45</u>	
32	<u>6.15</u>	<u>6.21</u>	7.60	<u>7.40</u>	<u>7.00</u>	<u>6.50</u>	<u>6.80</u>	7.0000
	<u>6.75</u>	<u>6.12</u>		<u>6.00</u>	<u>6.40</u>	<u>6.50</u>	<u>6.40</u>	
33	<u>6.10</u>	<u>6.17</u>	7.40	<u>7.30</u>	<u>6.90</u>	<u>6.40</u>	<u>6.75</u>	7.0000
	<u>6.75</u>	<u>6.08</u>		<u>6.00</u>	<u>6.35</u>	<u>6.50</u>	<u>6.35</u>	
34	<u>6.05</u>	<u>6.09</u>	7.20	<u>7.10</u>	<u>6.80</u>	<u>6.30</u>	<u>6.70</u>	7.0000
	<u>6.75</u>	<u>6.04</u>		<u>6.00</u>	<u>6.30</u>	<u>6.50</u>	<u>6.30</u>	
35	<u>6.00</u>	<u>6.05</u>	7.00	<u>7.00</u>	<u>6.70</u>	<u>6.20</u>	<u>6.65</u>	7.0000
	<u>6.75</u>	<u>6.00</u>		<u>6.00</u>	<u>6.25</u>	<u>6.50</u>	<u>6.25</u>	
36	<u>6.95</u>	<u>6.01</u>	6.80	<u>6.85</u>	<u>6.60</u>	<u>6.10</u>	<u>6.60</u>	6.9019
	<u>6.75</u>	<u>5.96</u>		<u>6.00</u>	<u>6.20</u>	<u>6.50</u>	<u>6.20</u>	
37	<u>5.90</u>	<u>5.97</u>	6.60	<u>6.70</u>	<u>6.50</u>	<u>6.00</u>	<u>6.55</u>	6.8074
	<u>6.75</u>	<u>5.92</u>		<u>6.00</u>	<u>6.15</u>	<u>6.50</u>	<u>6.15</u>	
38	<u>5.85</u>	<u>5.93</u>	6.40	<u>6.55</u>	<u>6.40</u>	<u>5.90</u>	<u>6.50</u>	6.7125
	<u>6.75</u>	<u>5.88</u>		<u>5.90</u>	<u>6.10</u>	<u>6.50</u>	<u>6.10</u>	
39	<u>5.80</u>	<u>5.89</u>	6.20	<u>6.40</u>	<u>6.30</u>	<u>5.80</u>	<u>6.40</u>	6.6054
	<u>6.75</u>	<u>5.84</u>		<u>5.80</u>	<u>6.05</u>	<u>6.50</u>	<u>6.05</u>	
40	<u>5.75</u>	<u>5.85</u>	6.00	<u>6.25</u>	<u>6.20</u>	<u>5.70</u>	<u>6.30</u>	6.5000
	<u>6.75</u>	<u>5.80</u>		<u>5.70</u>	<u>6.00</u>	<u>6.50</u>	<u>6.00</u>	
41	<u>5.70</u>	<u>5.81</u>	5.90	<u>6.10</u>	<u>6.10</u>	<u>5.60</u>	<u>6.20</u>	6.3540
	<u>6.75</u>	<u>5.76</u>		<u>5.60</u>	<u>5.90</u>	<u>6.50</u>	<u>5.95</u>	
42	<u>5.65</u>	<u>5.77</u>	5.80	<u>5.95</u>	<u>6.00</u>	<u>5.50</u>	<u>6.10</u>	6.2087
	<u>6.75</u>	<u>5.72</u>		<u>5.50</u>	<u>5.80</u>	<u>6.50</u>	<u>5.90</u>	
43	<u>5.60</u>	<u>5.73</u>	5.70	<u>5.80</u>	<u>5.90</u>	<u>5.45</u>	<u>6.00</u>	6.0622
	<u>6.65</u>	<u>5.68</u>		<u>5.40</u>	<u>5.70</u>	<u>6.50</u>	<u>5.85</u>	
44	<u>5.55</u>	<u>5.69</u>	5.60	<u>5.65</u>	<u>5.80</u>	<u>5.40</u>	<u>5.90</u>	5.9048
	<u>6.55</u>	<u>5.64</u>		<u>5.30</u>	<u>5.60</u>	<u>6.50</u>	<u>5.80</u>	
45	<u>5.50</u>	<u>5.65</u>	5.50	<u>5.50</u>	<u>5.70</u>	<u>5.35</u>	<u>5.80</u>	5.7500
	<u>6.45</u>	<u>5.60</u>		<u>5.20</u>	<u>5.50</u>	<u>6.50</u>	<u>5.75</u>	
46	<u>5.45</u>	<u>5.62</u>	5.45	<u>5.45</u>	<u>5.60</u>	<u>5.30</u>	<u>5.70</u>	5.6940
	<u>6.35</u>	<u>5.56</u>		<u>5.10</u>	<u>5.40</u>	<u>6.40</u>	<u>5.70</u>	
47	<u>5.40</u>	<u>5.59</u>	5.40	<u>5.40</u>	<u>5.50</u>	<u>5.25</u>	<u>5.65</u>	5.6375
	<u>6.25</u>	<u>5.52</u>		<u>5.00</u>	<u>5.30</u>	<u>6.30</u>		
48	<u>5.35</u>	<u>5.56</u>	5.35	<u>5.35</u>	<u>5.45</u>	<u>5.20</u>	5.60	5.5822
	<u>6.15</u>	<u>5.48</u>		<u>5.00</u>	<u>5.20</u>	<u>6.20</u>		
49	<u>5.30</u>	<u>5.53</u>	5.30	<u>5.30</u>	<u>5.40</u>	<u>5.15</u>	5.55	5.5404
	<u>6.05</u>	<u>5.44</u>		<u>5.00</u>	<u>5.10</u>	<u>6.10</u>		
50	<u>5.25</u>	<u>5.50</u>	5.25	<u>5.25</u>	<u>5.35</u>	<u>5.10</u>	5.50	5.5000
	<u>5.95</u>	<u>5.40</u>		<u>5.00</u>	<u>5.00</u>	<u>6.00</u>		
51	<u>5.20</u>	<u>5.45</u>	5.25	<u>5.20</u>	<u>5.30</u>	<u>5.05</u>	5.45	5.4384
	<u>5.85</u>	<u>5.36</u>		<u>5.00</u>	<u>5.00</u>	<u>5.90</u>		
52	<u>5.15</u>	<u>5.40</u>	5.25	<u>5.15</u>	<u>5.25</u>	<u>5.00</u>	5.40	5.3776
	<u>5.75</u>	<u>5.32</u>		<u>5.00</u>	<u>5.00</u>	<u>5.80</u>		
53	<u>5.10</u>	<u>5.35</u>	5.25	<u>5.10</u>	<u>5.25</u>	<u>5.00</u>	5.35	5.3167
	<u>5.65</u>	<u>5.28</u>		<u>5.00</u>	<u>5.00</u>	<u>5.70</u>		
54	<u>5.05</u>	<u>5.30</u>	5.25	<u>5.05</u>	<u>5.25</u>	<u>5.00</u>	5.30	5.2826
	<u>5.55</u>	<u>5.24</u>		<u>5.00</u>	<u>5.00</u>	<u>5.60</u>		
55	<u>5.00</u>	<u>5.25</u>	5.25	<u>5.00</u>	<u>5.25</u>	<u>5.00</u>	5.25	5.2500
	<u>5.45</u>	<u>5.20</u>		<u>5.00</u>	<u>5.00</u>	<u>5.50</u>		
56	<u>5.00</u>	<u>5.20</u>	5.25	5.00	<u>5.25</u>	<u>5.00</u>	5.25	5.2500
	<u>5.35</u>	<u>5.16</u>			<u>5.00</u>	<u>5.40</u>	<u>5.20</u>	

57	<u>5.00</u> 5.25	<u>5.15</u> 5.12	5.25	5.00	<u>5.25</u> 5.00	<u>5.00</u> 5.30	<u>5.25</u> 5.15	5.2500
58	<u>5.00</u> 5.25	<u>5.10</u> 5.08	5.25	<u>5.00</u> 5.10	<u>5.25</u> 5.00	<u>5.00</u> 5.20	<u>5.25</u> 5.10	5.2500
59	<u>5.00</u> 5.25	<u>5.05</u> 5.04	5.25	<u>5.00</u> 5.20	<u>5.25</u> 5.00	<u>5.00</u> 5.10	<u>5.25</u> 5.05	5.2500
60	<u>5.00</u> 5.25	<u>5.00</u>	5.25	<u>5.00</u> 5.30	<u>5.25</u> 5.00	<u>5.00</u> 5.00	<u>5.25</u> 5.00	5.2500
61	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.40	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
62	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.50	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
63	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.60	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
64	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.70	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
65	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.70	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
66	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.70	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
67	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.70	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
68	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.70	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
69	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.70	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
70	<u>5.00</u> 5.25	5.00	5.25	<u>5.00</u> 5.70	<u>5.25</u> 5.00	5.00	<u>5.25</u> 5.00	5.2500
71	<u>5.00</u> 5.25	5.00		<u>5.00</u> 5.70	<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. 2. [EFFECTIVE DATE.]

Section 1 is effective on June 30, 2002.

ARTICLE 9
AUTHORIZATION OF ADDITIONAL
SUPPLEMENTAL RETIREMENT PLANS

Section 1. Minnesota Statutes 2001 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 board of trustees of the Minnesota state colleges and universities and covered under the higher education 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 contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;

(6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; or

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for

coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee; or

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 2. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 [LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.]

Notwithstanding any other provision of law or charter, no city, county, public agency or instrumentality, or other political subdivision ~~shall, after August 1, 1975, is required or permitted~~ to establish for any of its employees any local pension plan or fund financed in whole or in part from public funds, other than:

(1) a supplemental pension or deferred compensation plan authorized under section 356.24; or

(2) a volunteer firefighter's relief association established pursuant to under chapter 424A and governed by sections 69.771 to 69.776.

Sec. 3. [RATIFICATION AND VALIDATION OF CERTAIN PAST ACTIONS.]

Any supplemental pension plan that is organized and operated under section 401(a) of the federal Internal Revenue Code, as amended, that is wholly and solely funded by an employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay, and that was established before the effective date of this act and any contributions to the plan that may be characterized as public funds within the meaning of Minnesota Statutes, section 356.24, are hereby ratified and validated.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on the day following final enactment.

ARTICLE 10
GENERAL RETIREMENT LAW
REORGANIZATION AND RECODIFICATION
PUBLIC RETIREMENT PLAN PURPOSE

Section 1. Minnesota Statutes 2000, section 356.001, is amended to read:

356.001 [PURPOSE OF PUBLIC PLANS.]

Subdivision 1. [EXCLUSIVE BENEFIT OF MEMBERS AND BENEFICIARIES.] (a) The public plans and funds specified in subdivision 4 are established to provide for the retirement of their members and to provide funds for the beneficiaries of members in the event of death of a member.

(b) The public plans and funds are established and ~~shall~~ must be maintained for the exclusive benefit of the members and the beneficiaries of the members. ~~Except as provided in subdivisions 2 and 3, no part of the moneys of the plans and funds shall may revert to the plan or fund or be used for or diverted to purposes other than the exclusive benefit of the members or their beneficiaries.~~

Subd. 2. [ALLOWABLE EXPENSES.] The necessary, reasonable, and direct expenses of maintaining, protecting, and administering the public plan or fund, as authorized in the laws governing the plan or fund, ~~shall~~ must be considered as expenditures for the exclusive benefit of the members or their beneficiaries.

Subd. 3. [EFFECT OF AMENDMENTS OR TERMINATION.] (a) If a public plan or fund as defined in subdivision 4 is terminated or the plan or fund provisions are amended, no part of the moneys held in the plan or fund ~~shall~~ may be used for or diverted to any purpose other than the exclusive benefit of the members or their beneficiaries, except as provided in this subdivision.

(b) If a plan or fund is terminated, all affected members have a nonforfeitable interest in their benefits that were accrued and funded to date. The value of the accrued benefits to be credited to the account of each affected member ~~shall~~ must be calculated as of the date of termination and the funding ratio of the plan or fund must be applied to the accrued benefit of each affected member.

(c) The board of trustees of the plan or fund shall ~~then~~, as soon as administratively feasible following the termination, pay each eligible member or beneficiary on behalf of a member the amount in the member's account in a lump sum. In the case of a member whose whereabouts is unknown, the board shall notify the member at the last known address by certified mail with return receipt requested advising the member of the member's right to a pending distribution. If the member cannot be located in this manner, the board shall establish a custodial account for the member's benefit in a federally insured bank, savings association, or credit union in which the member's account balance ~~shall~~ must be deposited. If the board receives proof of death of a member that is satisfactory to the board, the account balance ~~shall~~ must be paid to the beneficiary of the member.

Subd. 4. [COVERED PLANS AND FUNDS.] This section applies to all public pension and retirement plans and funds established ~~pursuant to~~ under the laws of the state of Minnesota that receive contributions from moneys derived from taxation.

Subd. 5. [CONSTRUCTION.] Nothing contained in this section ~~shall~~ may be construed to authorize, or otherwise imply, a legislative policy or intent favoring the termination of any plan or fund to which this section applies.

PUBLIC PENSION PLAN ACTUARIAL, FINANCIAL,
AND INVESTMENT REPORTING

Sec. 2. Minnesota Statutes 2000, section 356.20, subdivision 1, is amended to read:

Subdivision 1. [REPORT REQUIRED.] (a) The governing or managing board or administrative officials of the public pension and retirement funds enumerated in subdivision 2 shall annually prepare and file a financial report following the close of each fiscal year.

(b) This requirement ~~shall~~ also apply applies to any plan or fund which may be a successor to any organization so enumerated or to any newly formed retirement plan, 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.

(c) The report ~~shall~~ must be prepared under the supervision and at the direction of the management of each fund and ~~shall~~ must be signed by the presiding officer of the managing board of the fund and the chief administrative official of the fund.

Sec. 3. Minnesota Statutes 2000, section 356.20, subdivision 2, is amended to read:

Subd. 2. [COVERED PUBLIC PENSION PLANS AND FUNDS.] This section applies to the following public pension plans:

- (1) the general state employees retirement fund; plan of the Minnesota state retirement system;
- (2) the general employees retirement plan of the public employees retirement fund; association;
- (3) the teachers retirement association;
- (4) the state patrol retirement fund; plan;
- (5) the Minneapolis teachers retirement fund association;
- (6) the St. Paul teachers retirement fund association;
- (7) the Duluth teachers retirement fund association;
- (8) the Minneapolis employees retirement fund;

- (9) the University of Minnesota faculty retirement plan;
- (10) the University of Minnesota faculty supplemental retirement plan;
- (11) the judges retirement fund;
- (12) ~~Any~~ a police or firefighter's relief association enumerated described in section 69.77, subdivision 1a, or 69.771, subdivision 1;
- (13) the public employees police and fire fund. plan of the public employees retirement association;
- (14) the correctional state employees retirement plan of the Minnesota state retirement system correctional officers retirement fund; and
- (15) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association.

Sec. 4. Minnesota Statutes 2000, section 356.20, subdivision 3, is amended to read:

Subd. 3. [FILING REQUIREMENT.] The financial report is a public record. A copy of the report or a synopsis of the report containing the information required by this section ~~shall~~ must be distributed annually to each member of the fund and to the governing body of each governmental subdivision of the state which makes employers contributions thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy of the report ~~shall~~ must be delivered to the executive director of the legislative commission on pensions and retirement and to the legislative reference library not later than six months after the close of each fiscal year or one month following the completion and delivery to the retirement fund of the actuarial valuation report of the fund by the actuary retained by the legislative commission on pensions and retirement, if applicable, whichever is later.

Sec. 5. Minnesota Statutes 2000, section 356.20, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF FINANCIAL REPORT.] (a) The financial report required by this section must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited. The report must include, as part of its exhibits or footnotes, an actuarial disclosure item based on the actuarial valuation calculations prepared by the commission-retained actuary or by the actuary retained by the retirement fund or plan, if applicable, according to applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The accrued assets, the accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The disclosure item must contain a declaration by the actuary retained by the legislative commission on pensions and retirement or the actuary retained by the fund or plan, whichever applies, specifying that the required reserves for any retirement, disability, or survivor benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and with the most recent applicable standards for actuarial work adopted by the legislative commission on pensions and retirement.

(a) (b) Assets of the fund or plan contained in the disclosure item must include the following statement of the actuarial value of current assets as defined in section 356.215, subdivision 1:

	Value	Value
	at cost	at market
Cash, cash equivalents, and		
short-term securities
Accounts receivable

Accrued investment income	.....	.....
Fixed income investments	.....	.....
Equity investments other than real estate	.....	.....
Real estate investments	.....	.....
Equipment	.....	.....
Equity in the Minnesota postretirement investment fund	.....	.....
Other	.....	.....
Total assets		
Value at cost		.....
Value at market		.....
Value of current assets		.....

~~(b)~~ (c) The unfunded actuarial accrued liability of the fund or plan contained in the disclosure item must include the following measures of unfunded actuarial accrued liability, using the value of current assets:

(1) unfunded actuarial accrued liability, determined by subtracting the current assets and the present value of future normal costs from the total current and expected future benefit obligations; and

(2) unfunded pension benefit obligation, determined by subtracting the current assets from the actuarial present value of credited projected benefits.

If the current assets of the fund or plan exceed the actuarial accrued liabilities, the excess must be disclosed and indicated as a surplus.

~~(e)~~ (d) The pension benefit obligations schedule included in the disclosure must contain the following information on the benefit obligations:

(1) The pension benefit obligation, determined as the actuarial present value of credited projected benefits on account of service rendered to date, separately identified as follows:

- (i) For annuitants
 - Retirement annuities
 - Disability benefits
 - Surviving spouse and child benefits
- (ii) For former members without vested rights
- (iii) For deferred annuitants' benefits, including any augmentation
- (iv) For active employees
 - Accumulated employee contributions, including allocated investment income
 - Employer-financed benefits vested
 - Employer-financed benefits nonvested
 - Total pension benefit obligation; and

(2) If there are additional benefits not appropriately covered by the foregoing items of benefit obligations, a separate identification of the obligation.

(d) (e) Any additional statements or exhibits or more detailed or subdivided itemization of a disclosure item that will enable the management of the fund to portray a true interpretation of the fund's financial condition must be included in the additional statements or exhibits.

Sec. 6. Minnesota Statutes 2000, section 356.20, subdivision 4a, is amended to read:

Subd. 4a. [FINANCIAL REPORT FOR POLICE OR FIREFIGHTERS RELIEF ASSOCIATION.] For any police or firefighter's relief association referred to in subdivision 2, clause (12), a financial report duly filed pursuant to and meeting the requirements of section 69.051 shall must be deemed to have met the requirements of subdivision 4.

Sec. 7. Minnesota Statutes 2000, section 356.215, as amended by Laws 2001, First Special Session chapter 10, article 11, section 18, is amended to read:

356.215 [ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the terms in the following paragraphs have the meaning given.

(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.

(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.

(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 the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) "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) (2) 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) (3) 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.

(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.

(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.

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal:

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7); and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which 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 or plan 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, plan, 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 to which~~ section 356.216 applies.

Subd. 2a. [PROJECTION VALUATION REQUIREMENTS.] (a) A quadrennial projection valuation ~~required~~ authorized under 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.

(b) In consultation with the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Subd. 3. [REPORTS.] (a) The actuarial valuations required annually must be made as of the beginning of each fiscal year.

(b) Two copies of the valuation must be delivered to the executive director of the legislative commission on pensions and retirement, to the commissioner of finance and to the legislative reference library, not later than the first day of the sixth month occurring after the end of the previous fiscal year.

(c) Two copies of a quadrennial experience study must be filed with the executive director of

the legislative commission on pensions and retirement, with the commissioner of finance, and with the legislative reference library, not later than the first day of the 11th month occurring after the end of the last fiscal year of the four-year period which the experience study covers.

(d) For actuarial valuations and experience studies prepared at the direction of the legislative commission on pensions and retirement, two copies of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

Subd. 4. [ACTUARIAL VALUATION; CONTENTS.] (a) The actuarial valuation must be made in conformity with the requirements of the definition contained in subdivision 1 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance with the entry age actuarial cost method. The actuarial valuation required under this section must include the information required in subdivisions 4a 5 to 4k 15.

Subd. 4a 5. [NORMAL COST.] For a fund providing benefits in whole or in part under a defined benefit plan, the actuarial valuation must indicate the level normal cost of the benefits provided by under the laws governing the fund as of the date of the valuation, calculated in accordance with the entry age actuarial cost method. The normal cost must be expressed as a level percentage of the present value of future payrolls of the active participants of the fund as of the date of the valuation.

Subd. 4b 6. [ACCRUED LIABILITY.] For a fund providing benefits under a defined benefit plan, the actuarial valuation must contain an exhibit indicating the actuarial accrued liabilities of the fund. This figure is the present value of future benefits, reduced by the present value of future normal costs, calculated in accordance with the entry age actuarial cost method.

Subd. 4c 7. [DEFINED CONTRIBUTION PLAN ACCUMULATIONS.] For each fund providing benefits under the a money purchase or defined contribution plan, the actuarial valuation shall must contain an exhibit indicating the member contributions accumulated at interest, as apportioned to members accounts, to the date of the valuation. These accumulations shall must be separately tabulated in a manner which properly reflects any differences in money purchase or defined contribution annuity rates which may apply.

Subd. 4d 8. [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	postretirement
	interest rate assumption	interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
state patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0

local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
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	8.5
Minneapolis police relief association	6.0	6.0
other local Fairmont police relief associations association	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighters Virginia fire department relief associations association	5.0	5.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis police relief association	4.0
other local Fa ir mont police relief associations association	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighters Virginia fire department relief associations association	3.5

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary
general state employees	increase assumption
retirement plan	select calculation and
correctional state employees	assumption A
retirement plan	assumption H
state patrol retirement plan	assumption H
general public employees	select calculation and
retirement plan	assumption B
public employees police and fire	
fund retirement plan	assumption C
local government correctional service	
retirement plan	assumption H
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption G

The select calculation is :
 during the ten-year select period, 0.2 a designated 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. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the Saint Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

The ultimate future salary increase assumption is :

age	A	B	C	D	E	F	G	H
16	6.95%	6.95%	11.50%	8.20%	8.00%	7.50%	7.25%	7.7500
								<u>6.50</u> <u>6.90</u>
17	6.90	6.90	11.50	8.15	8.00	7.50	7.25	7.7500
								<u>6.50</u> <u>6.90</u>
18	6.85	6.85	11.50	8.10	8.00	7.50	7.25	7.7500
								<u>6.50</u> <u>6.90</u>
19	6.80	6.80	11.50	8.05	8.00	7.50	7.25	7.7500
								<u>6.50</u> <u>6.90</u>
20	6.75	6.75	11.50	8.00	8.00	7.50	7.25	7.7500
			6.40			6.00	6.90	<u>6.50</u> <u>6.90</u>
21	6.70	6.70	11.50	7.95	8.00	7.50	7.25	7.1454
			6.75	6.40		6.00	6.90	<u>6.50</u> <u>6.90</u>
22	6.65	6.65	11.00	7.90	8.00	7.50	7.25	7.0725
			6.75	6.40		6.00	6.90	<u>6.50</u> <u>6.90</u>
23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
24	6.66	6.55	10.00	7.80	7.80	7.30	7.20	7.0363
			6.75	6.40		6.00	6.80	<u>6.50</u> <u>6.80</u>

25 <u>6.50 6.50</u> <u>6.75 6.40</u>	9.50 <u>7.75 7.70 7.20 7.15 7.0000</u> <u>6.00 6.75 6.50 6.75</u>
26 <u>6.45 6.45</u> <u>6.75 6.36</u>	9.20 <u>7.70 7.60 7.10 7.10 7.0000</u> <u>6.00 6.70 6.50 6.70</u>
27 <u>6.40 6.40</u> <u>6.75 6.32</u>	8.90 <u>7.65 7.50 7.00 7.05 7.0000</u> <u>6.00 6.65 6.50 6.65</u>
28 <u>6.35 6.35</u> <u>6.75 6.28</u>	8.60 <u>7.60 7.40 6.90 7.00 7.0000</u> <u>6.00 6.60 6.50 6.60</u>
29 <u>6.30 6.30</u> <u>6.75 6.24</u>	8.30 <u>7.55 7.30 6.80 6.95 7.0000</u> <u>6.00 6.55 6.50 6.55</u>
30 <u>6.25 6.30</u> <u>6.75 6.20</u>	8.00 <u>7.50 7.20 6.70 6.90 7.0000</u> <u>6.00 6.50 6.50 6.50</u>
31 <u>6.20 6.25</u> <u>6.75 6.16</u>	7.80 <u>7.45 7.10 6.60 6.85 7.0000</u> <u>6.00 6.45 6.50 6.45</u>
32 <u>6.15 6.21</u> <u>6.75 6.12</u>	7.60 <u>7.40 7.00 6.50 6.80 7.0000</u> <u>6.00 6.40 6.50 6.40</u>
33 <u>6.10 6.17</u> <u>6.75 6.08</u>	7.40 <u>7.30 6.90 6.40 6.75 7.0000</u> <u>6.00 6.35 6.50 6.35</u>
34 <u>6.05 6.09</u> <u>6.75 6.04</u>	7.20 <u>7.10 6.80 6.30 6.70 7.0000</u> <u>6.00 6.30 6.50 6.30</u>
35 <u>6.00 6.05</u> <u>6.75 6.00</u>	7.00 <u>7.00 6.70 6.20 6.65 7.0000</u> <u>6.00 6.25 6.50 6.25</u>
36 <u>6.95 6.01</u> <u>6.75 5.96</u>	6.80 <u>6.85 6.60 6.10 6.60 6.9019</u> <u>6.00 6.20 6.50 6.20</u>
37 <u>5.90 5.97</u> <u>6.75 5.92</u>	6.60 <u>6.70 6.50 6.00 6.55 6.8074</u> <u>6.00 6.15 6.50 6.15</u>
38 <u>5.85 5.93</u> <u>6.75 5.88</u>	6.40 <u>6.55 6.40 5.90 6.50 6.7125</u> <u>5.90 6.10 6.50 6.10</u>
39 <u>5.80 5.89</u> <u>6.75 5.84</u>	6.20 <u>6.40 6.30 5.80 6.40 6.6054</u> <u>5.80 6.05 6.50 6.05</u>
40 <u>5.75 5.85</u> <u>6.75 5.80</u>	6.00 <u>6.25 6.20 5.70 6.30 6.5000</u> <u>5.70 6.00 6.50 6.00</u>
41 <u>5.70 5.81</u> <u>6.75 5.76</u>	5.90 <u>6.10 6.10 5.60 6.20 6.3540</u> <u>5.60 5.90 6.50 5.95</u>
42 <u>5.65 5.77</u> <u>6.75 5.72</u>	5.80 <u>5.95 6.00 5.50 6.10 6.2087</u> <u>5.50 5.80 6.50 5.90</u>
43 <u>5.60 5.73</u> <u>6.65 5.68</u>	5.70 <u>5.80 5.90 5.45 6.00 6.0622</u> <u>5.40 5.70 6.50 5.85</u>
44 <u>5.55 5.69</u> <u>6.55 5.64</u>	5.60 <u>5.65 5.80 5.40 5.90 5.9048</u> <u>5.30 5.60 6.50 5.80</u>
45 <u>5.50 5.65</u> <u>6.45 5.60</u>	5.50 <u>5.50 5.70 5.35 5.80 5.7500</u> <u>5.20 5.50 6.50 5.75</u>
46 <u>5.45 5.62</u> <u>6.35 5.56</u>	5.45 <u>5.45 5.60 5.30 5.70 5.6940</u> <u>5.10 5.40 6.40 5.70</u>
47 <u>5.40 5.59</u> <u>6.25 5.52</u>	5.40 <u>5.40 5.50 5.25 5.65 5.6375</u> <u>5.00 5.30 6.30</u>
48 <u>5.35 5.56</u> <u>6.15 5.48</u>	5.35 <u>5.35 5.45 5.20 5.60 5.5822</u> <u>5.00 5.20 6.20</u>
49 <u>5.30 5.53</u> <u>6.05 5.44</u>	5.30 <u>5.30 5.40 5.15 5.55 5.5404</u> <u>5.00 5.10 6.10</u>
50 <u>5.25 5.50</u> <u>5.95 5.40</u>	5.25 <u>5.25 5.35 5.10 5.50 5.5000</u> <u>5.00 5.00 6.00</u>
51 <u>5.20 5.45</u> <u>5.85 5.36</u>	5.25 <u>5.20 5.30 5.05 5.45 5.4384</u> <u>5.00 5.00 5.90</u>

52 <u>5.15 5.40</u> <u>5.75 5.32</u>	5.25 5.15 5.25 5.00 5.40 5.3776 5.00 5.00 5.80	
53 <u>5.10 5.35</u> <u>5.65 5.28</u>	5.25 5.10 5.25 5.00 5.35 5.3167 5.00 5.00 5.70	
54 <u>5.05 5.30</u> <u>5.55 5.24</u>	5.25 5.05 5.25 5.00 5.30 5.2826 5.00 5.00 5.60	
55 <u>5.00 5.25</u> <u>5.45 5.20</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.00 5.50	
56 <u>5.00 5.20</u> <u>5.35 5.16</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.00 5.40 5.20	
57 <u>5.00 5.15</u> <u>5.25 5.12</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.00 5.30 5.15	
58 <u>5.00 5.10</u> <u>5.25 5.08</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.10 5.00 5.20 5.10	
59 <u>5.00 5.05</u> <u>5.25 5.04</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.20 5.00 5.10 5.05	
60 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.30 5.00	<u>5.00</u>
61 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.40 5.00	<u>5.00</u>
62 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.50 5.00	<u>5.00</u>
63 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.60 5.00	<u>5.00</u>
64 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.70 5.00	<u>5.00</u>
65 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.70 5.00	<u>5.00</u>
66 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.70 5.00	<u>5.00</u>
67 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.70 5.00	<u>5.00</u>
68 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.70 5.00	<u>5.00</u>
69 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.70 5.00	<u>5.00</u>
70 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.70 5.00	<u>5.00</u>
71 <u>5.00 5.00</u> <u>5.25</u>	5.25 5.00 5.25 5.00 5.25 5.2500 5.00 5.70	<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

Subd. 4e 9. [OTHER ASSUMPTIONS.] The actuarial valuation must use assumptions concerning mortality, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor. These assumptions must be set at levels consistent with those determined in the most recent quadrennial experience study completed under subdivision 5 16, if required, or representative of the best estimate of future experience, if a quadrennial experience study is not required. The actuarial valuation must contain an exhibit indicating any actuarial assumptions used in preparing the valuation report.

Subd. 4f 10. [PUBLIC SECTOR ACCOUNTING DISCLOSURE INFORMATION.] The actuarial valuation must contain those actuarial calculations that are necessary to allow the retirement plan administration or participating employing units to prepare the pension-related portions of annual financial reporting that meet generally accepted accounting principles for the public sector.

Subd. 4g 11. [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 and the public employees retirement association general plan, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

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

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

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d 8 in effect before the change;

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

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d 8 in effect after any applicable change;

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

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

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

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the public employees retirement association general plan, the established date for full funding is June 30, 2031.

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

Subd. 4h 12. [ACTUARIAL GAINS AND LOSSES.] The actuarial valuation must contain an exhibit consisting of an analysis by the actuary explaining the net increase or decrease in the unfunded actuarial accrued liability since the last valuation. The explanation must subdivide the net increase or decrease in the unfunded actuarial accrued liability into at least the following parts:

(a) (1) increases or decreases in the unfunded actuarial accrued liability because of changes in benefits;

(b) (2) increases and decreases in the unfunded actuarial accrued liability because of changes in actuarial assumptions;

(c) (3) increases or decreases in the unfunded actuarial accrued liability attributable to actuarial gains or losses resulting from any experience deviations from the assumptions on which the valuation is based, as follows:

- (i) actual investment earnings;
- (ii) actual postretirement mortality rates;
- (iii) actual salary increase rates; and
- (iv) the remainder of the increase or decrease not attributable to any separate source;

(d) (4) increases or decreases in unfunded actuarial accrued liability because of other reasons, including the effect of any amortization contribution paid or additional amortization contribution previously calculated but unpaid; and

(e) (5) increases or decreases in unfunded actuarial accrued liability because of changes in eligibility requirements or groups included in the membership of the fund.

Subd. 4i 13. [MEMBERSHIP TABULATION.] (a) The actuarial valuation must contain a tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation must be made for each general benefit program.

(b) The tabulations must be prepared by the administration of the pension fund and must contain the following information:

(1) Active members	Number
As of last valuation date	
New entrants	
Total	
Separations from active service	
Refund of contributions	
Separation with deferred annuity	
Separation with neither refund nor deferred annuity	
Disability	
Death	
Retirement with service annuity	
Total separations	
As of current valuation date	
(2) Annuitants	Number
As of last valuation date	
New entrants	
Total	
Terminations	
Deaths	
Other	
Total terminations	
As of current valuation date	

(c) The tabulation required under paragraph (b), clause (2), must be made separately for each of the following classes of benefit recipients:

- (1) service retirement annuitants;
- (2) disability benefit recipients;
- (3) survivor benefit recipients; and
- (4) deferred annuitants.

Subd. 4j 14. [ADMINISTRATIVE EXPENSES.] (a) The actuarial valuation must indicate the

administrative expenses of the fund, expressed both in dollars and as a percentage of covered payroll.

(b) Administrative expenses are the costs incurred by the retirement plans in the course of operating the plan, excluding investment expenses. Investment expenses include all expenses incurred for the retention of professional external investment managers and professional investment consultants, custodian bank fees, investment transaction costs, and the costs incurred by the retirement plans to manage investment portfolios or assets internally. Investment expenses must be deducted from the investment return used in the actuarial valuation, and must not be included in administrative expenses when calculating the allowance for expenses.

Subd. 4k 15. [BENEFIT PLAN SUMMARY.] The actuarial valuation must contain a summary of the principal provisions of the benefit plan upon which the valuation is based.

Subd. 5 16. [QUADRENNIAL EXPERIENCE STUDY; CONTENTS.] A quadrennial experience study, if required, must contain an actuarial analysis by the approved actuary of the experience of the fund and a comparison of the experience with the actuarial assumptions on which the most recent actuarial valuation of the retirement fund was based.

Subd. 6 17. [ACTUARIAL SERVICES BY APPROVED ACTUARIES.] (a) The actuarial valuation or quadrennial experience study must be made and any actuarial consulting services for a retirement fund or plan must be provided by an approved actuary. The actuarial valuation or quadrennial experience study must include a signed written declaration that it has been prepared according to sections 356.20 to 356.23 and according to the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) Actuarial valuations, or experience studies prepared by an approved actuary retained by a retirement fund or plan must be submitted to the legislative commission on pensions and retirement within ten days of the submission of the document to the retirement fund or plan.

Subd. 7 18. [ESTABLISHMENT OF ACTUARIAL ASSUMPTIONS.] (a) The actuarial assumptions used for the preparation of actuarial valuations under this section that are other than those set forth in this section may be changed only with the approval of the legislative commission on pensions and retirement.

(b) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the legislative commission on pensions and retirement, by the actuarial advisor to a pension fund governed by chapter 352, 353, 354, or 354A, or by the actuary retained by a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.776, if one is retained.

Sec. 8. Minnesota Statutes 2000, section 356.216, is amended to read:

356.216 [CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS.]

(a) The provisions of section 356.215 ~~governing~~ that govern the contents of actuarial valuations ~~shall~~ must apply to any local police or fire pension fund or relief association required to make an actuarial report under this section, except as follows:

(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll ~~shall~~ must be the maximum rate of salary ~~from~~ on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;

(2) in lieu of the amortization date specified in section 356.215, subdivision 4g 11, the appropriate amortization target date specified in section 69.77, subdivision 2b, or ~~69.773~~, subdivision 4, clause (c), ~~shall~~ must be used in calculating any required amortization contribution;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 4i ~~13~~, the member contributions for active members for the calendar year and

the prospective annual retirement annuities under the benefit plan for active members shall must be reported;

(4) actuarial valuations required ~~pursuant to~~ under section 69.773, subdivision 2, shall must be made at least every four years and actuarial valuations required ~~pursuant to~~ under section ~~69.77~~ shall be made annually; ~~and~~

(5) the actuarial balance sheet showing accrued assets valued at market value if the actuarial valuation is required to be prepared at least every four years or valued as current assets under section 356.215, subdivision 1, clause (6), or paragraph (b), whichever applies, if the actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the unfunded actuarial accrued liability shall must include the following required reserves:

- (a) (i) For active members
 1. Retirement benefits
 2. Disability benefits
 3. Refund liability due to death or withdrawal
 4. Survivors' benefits
- (b) (ii) For deferred annuitants' benefits
- (c) (iii) For former members without vested rights
- (d) (iv) For annuitants
 1. Retirement annuities
 2. Disability annuities
 3. Surviving spouses' annuities
 4. Surviving children's annuities

In addition to those required reserves, separate items shall must be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above; and

(6) actuarial valuations shall ~~be~~ are due by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

(b) For a relief association in a city of the first class with a population of more than 300,000, the following provisions additionally apply:

(1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability, and amortization contribution of the relief association, "current assets" means the value of all assets at cost, including realized capital gains and losses, plus or minus, whichever applies, the average value of total unrealized capital gains or losses for the most recent three-year period ending with the end of the plan year immediately preceding the actuarial valuation report transmission date; and

(2) in calculating the applicable portions of the actuarial valuation, an annual preretirement interest assumption of six percent, an annual postretirement interest assumption of six percent, and an annual salary increase assumption of four percent must be used.

Sec. 9. Minnesota Statutes 2000, section 356.217, is amended to read:

356.217 [MODIFICATIONS IN ACTUARIAL SERVICES.]

(a) The cost of any requested benefit projections prepared by the commission-retained actuary relating to the Minnesota postretirement investment fund ~~for~~ at the request of the state board of investment is payable by the state board of investment.

(b) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial ~~valuation~~ valuations, must be included in an appropriate generalized format as part of the report to the legislature under section 3.85, subdivision 11.

(c) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required

to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.

(d) Actuarial valuations of the public employees police and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.

(e) The commission-retained actuary is:

(1) required to publish experience findings for those retirement plans for which experience findings are required only on a quadrennial basis for the four-year period ending June 30, 1992, and every four years thereafter;

(2) not required to prepare a separate experience analysis or publish separate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and

(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in section 356.215, subdivision 1, clause (6).

Sec. 10. Minnesota Statutes 2000, section 356.219, is amended to read:

356.219 [DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT PORTFOLIO AND PERFORMANCE INFORMATION.]

Subdivision 1. [REPORT REQUIRED.] (a) Except as indicated in subdivision 4, the state board of investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the state board of investment, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) A local police or firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the state board of investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the state board of investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the state board of investment.

Subd. 2. [ASSET CLASS DEFINITION.] (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

(1) cash and any cash equivalent investments with maturities of one year or less when issued;

(2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;

(3) stocks or convertible issues of any corporation organized under laws of the United States or

any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;

- (4) international stocks or convertible issues;
- (5) international debt securities; and
- (6) real estate and venture capital.

(b) If the pension plan is investing under section 69.77, subdivision 2g, section 69.775, or any other applicable law, in open-end investment companies registered under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Subd. 3. [CONTENT OF REPORTS.] (a) The report required by subdivision 1 must include a written statement of the investment policy in effect on June 30, 1997, if that statement has not been previously submitted. Following that date, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If a public pension plan has a total market value of \$10,000,000 or more as of the beginning of the calendar year, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund as of the beginning of the calendar year and for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If a public pension plan once files a report under this paragraph, it must continue reporting under this paragraph for any subsequent year in which the public pension plan is not fully invested as specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in market value in a that subsequent year.

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

(d) If a public pension plan has a total market value of less than \$10,000,000 as of the beginning of the calendar year and was never required to file under paragraph (b), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

(e) Any public pension plan reporting under paragraph (b) or (d) may include computed time-weighted rates of return with the report, in addition to all other required information, as applicable. If these returns are supplied, the individual who computed the returns must certify that the returns are net of all costs and fees, including investment management fees, and that the procedures used to compute the returns are consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards.

(f) For public pension plans reporting under paragraph (d), the public pension plan must retain supporting information specifying the date and amount of each injection and withdrawal to each

investment account and investment portfolio. The public pension plan must also retain the market value of each investment account and investment portfolio at the beginning of the calendar year and for each quarter. Information that is required to be collected and retained for any given year or years under this paragraph must be submitted to the office of the state auditor if the office of the state auditor requests in writing that the information be submitted by a public pension plan or plans, or be submitted by the state board of investment for any plan or plans for which the state board of investment is the investment authority under this section. If the state auditor requests information under this subdivision, and the public plan fails to comply, the pension plan ~~will be~~ is subject to penalties under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

Subd. 4. [ALTERNATIVE REPORTING; CERTAIN PLANS.] In lieu of requirements in subdivision 3, the applicable administration for the individual retirement account plans under chapters 354B and 354D and for the University of Minnesota faculty retirement plan shall submit computed time-weighted rates of return to the office of the state auditor. These time-weighted rates of return must cover the most recent complete calendar year, and must be computed separately for each investment option available to plan members. To the extent feasible, the returns must be computed net of all investment costs, fees, and charges, so that the computed return reflects the net time-weighted return available to the investor. If this is not practical, the existence of any remaining investment cost, fee, or charge which could further lower the net return must be disclosed. The procedures used to compute the returns must be consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards, or, if applicable, securities exchange commission requirements. The individual who computes the returns must certify that the supplied returns comply with this subdivision. The applicable plan administrator must also submit, with the return information, the total amounts invested by the plan members, in aggregate, in each investment option as of the last day of the calendar year.

Subd. 5. [PENALTY FOR NONCOMPLIANCE.] Failure to comply with the reporting requirements of this section ~~shall~~ must result in a withholding of all state aid or state appropriation to which the pension plan may otherwise be directly or indirectly entitled until the pension plan has complied with the reporting requirements. The state auditor shall instruct the commissioners of revenue and finance to withhold any state aid or state appropriation from any pension plan that fails to comply with the reporting requirements contained in this section, until the pension plan has complied with the reporting requirements. The state auditor may waive the withholding of state aid or state appropriations if the state auditor determines in writing that compliance would create an excessive hardship for the pension plan.

Subd. 6. [INVESTMENT DISCLOSURE REPORT.] (a) The state auditor shall prepare an annual report to the legislature on the investment performance of the various public pension plans subject to this section. The content of the report is specified in paragraphs (b) to (e).

(b) For each public pension plan reporting under subdivision 3, paragraph (b), the state auditor shall compute and report total portfolio and asset class time-weighted rates of return, net of all investment-related costs and fees.

(c) For each public pension plan reporting under subdivision 3, paragraph (d), the state auditor shall compute and report total portfolio time-weighted rates of return, net of all costs and fees. If the state auditor has requested data for a plan under subdivision 3, paragraph (f), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

(d) The report by the state auditor must include the information submitted by the pension plans under subdivision 3, paragraph (c), or a synopsis of that information.

(e) The report by the state auditor may also include a presentation of multiyear performance, information collected under subdivision 4, and any other information or analysis deemed appropriate by the state auditor.

Subd. 7. [EXPENSE OF REPORT.] All administrative expenses incurred relating to the investment report by the state auditor described in subdivision 6 must be borne by the office of the state auditor and may not be charged back to the entities described in subdivisions 1 or 4.

Subd. 8. [TIMING OF REPORTS.] (a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the state board of investment a list or lists of covered pension plans which submitted certifications; in order to facilitate reporting by the state board of investment under paragraph (c) of this subdivision.

(b) For the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Duluth teachers retirement fund association, the Minneapolis employees retirement fund, the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The state board of investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

Sec. 11. Minnesota Statutes 2000, section 356.22, is amended to read:

356.22 [INTERPRETATION.]

Subdivision 1. [PROVISION OF ADDITIONAL VALUATIONS.] No provision in sections 356.20 to 356.23 shall may be construed to in any way to limit any of the enumerated pension and retirement funds from furnishing additional actuarial valuations or experience studies, or additional data and actuarial calculations, as may be requested by the legislature or any standing committee or by the legislative commission on pensions and retirement.

Subd. 2. [ACCELERATED AMORTIZATION.] No provision in sections 356.20 to 356.23 shall may be construed to preclude any public pension and retirement fund enumerated in section 356.20, subdivision 2, from requesting, or the legislature from providing for, the amortization of any unfunded actuarial accrued liability in a shorter period of time than by the established date for full funding as determined pursuant to under section 356.215, subdivision 4g 11.

Subd. 3. [ADDITIONAL REQUIRED VALUATIONS.] The legislature or any committee or commission thereof now in existence or hereafter created which has assigned to it the subject of public pensions or public retirement plans may require actuarial valuations and experience studies in conformity with the provisions of sections 356.20 to 356.23 from any public pension and retirement plan or fund, whether enumerated in sections 356.20 to 356.23 or otherwise.

Sec. 12. Minnesota Statutes 2000, section 356.23, is amended to read:

356.23 [SUPPLEMENTAL VALUATIONS; ALTERNATIVE REPORTS AND VALUATIONS.]

Subdivision 1. [SUPPLEMENTAL ACTUARIAL VALUATIONS.] Any supplemental actuarial valuations prepared on behalf of any governing or managing board of any pension and retirement fund enumerated in section 356.20, subdivision 2, by an approved actuary, shall must be prepared in accordance with the applicable provisions of sections 356.20 to 356.23 and with the standards adopted by the legislative commission on pensions and retirement. Any pension and retirement fund which prepares an alternative actuarial valuation under subdivision 2 shall also must have a supplemental actuarial valuation prepared.

Subd. 2. [ALTERNATIVE REPORTS AND VALUATIONS.] In addition to the financial reports and actuarial valuations required by sections 356.20 to 356.23, the governing or managing board of any fund concerned may submit alternative reports and actuarial valuations for distribution to the legislature, any of its committees, or the legislative commission on pensions and retirement on a different basis or on different assumptions than are specified in sections 356.20 to

356.23. The assumptions and basis of any alternative reports and valuations shall must be clearly stated in the document.

LIMITATIONS ON SUPPLEMENTAL AND
LOCAL RETIREMENT PLANS

Sec. 13. Minnesota Statutes 2001 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 to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the board of trustees of the Minnesota state colleges and universities and covered under the higher education supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, 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 contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;

(6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; or

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee; or

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 14. Minnesota Statutes 2000, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. [VENDOR RESTRICTIONS.] A personnel policy for unrepresented employees, or a collective bargaining agreement for represented employees, or a school board for school district employees may establish limits on the number of vendors of plans covered by the exceptions set forth in subdivision 1 that it will utilize and conditions under which the those vendors may contact employees both during working hours and after working hours.

Sec. 15. Minnesota Statutes 2000, section 356.24, subdivision 1c, is amended to read:

Subd. 1c. [STATE BOARD OF INVESTMENT REVIEW.] (a) 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.

(b) 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.

(c) 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. 16. Minnesota Statutes 2000, section 356.24, subdivision 2, is amended to read:

Subd. 2. [LIMIT ON CERTAIN CONTRIBUTIONS OR BENEFIT CHANGES.] No change in benefits or employer contributions in a supplemental pension plan to which this section applies that occurs after May 6, 1971, is effective without prior legislative authorization.

Sec. 17. Minnesota Statutes 2000, section 356.245, is amended to read:

356.245 [LOCAL ELECTED OFFICIALS.]

An elected official who is covered by section 353.01, subdivision 2a, is eligible to participate in the state of Minnesota deferred compensation plan under section 356.24. A The applicable local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.

Sec. 18. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 [LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.]

Notwithstanding any other provision of law or charter to the contrary, no city, county, public agency or instrumentality, or other political subdivision shall may, after August 1, 1975, establish for any of its employees any a local pension plan or fund financed in whole or in part from public funds, other than a volunteer firefighter's relief association that is established pursuant to under chapter 424A and is governed by sections 69.771 to 69.776.

PUBLIC RETIREMENT PLAN PORTABILITY MECHANISMS

Sec. 19. Minnesota Statutes 2000, section 356.30, is amended to read:

356.30 [COMBINED SERVICE ANNUITY.]

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(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 plans; and

(2) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan shall must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan of a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan ~~is prior to~~ was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges' retirement fund, and the state patrol retirement plan, must not exceed the percent specified in section 356.19 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the percent percentage rate specified in section 356.19 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the state patrol retirement plan must not exceed the percent percentage rate specified in section 356.19 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The 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).

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Subd. 2. [REPAYMENT OF REFUNDS.] A person who has service credit in one of the funds retirement plans enumerated in subdivision 3 and who is employed or was formerly employed in a position covered by one of these funds covered plans but also has received a refund from any other of these funds covered plans, may repay the refund to the respective fund plan under terms and conditions that are consistent with the laws governing the other fund plan, except that the person need not be a currently contributing member of the fund plan to which the refund is repaid at the time the repayment is made. Unless otherwise provided by statute, the repayment of a refund under this subdivision may only be made within six months following termination of employment from a position covered by one of the funds covered plans enumerated in subdivision 3 or before the date of retirement from the fund to which the refund is repaid, whichever is earlier.

Subd. 2a. [PURCHASES OF PRIOR SERVICE.] If a purchase of prior service is made under the provisions of Laws 1988, chapter 709, article 3, or any similar special or general law provision which allows a purchase of service credit in any of the funds retirement plans enumerated in subdivision 3, the amount of required reserves calculated as prescribed in Laws 1988, chapter 709, article 3, must be paid to each fund plan based on the amount of benefit increase payable from that fund plan as a result of the purchase of prior service.

Subd. 3. [COVERED FUNDS PLANS.] This section applies to the following retirement funds plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(2) the correctional state employees retirement program plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(3) the unclassified employees retirement plan program, established pursuant to under chapter 352D;

(4) the state patrol retirement fund plan, established pursuant to under chapter 352B;

(5) the legislators retirement plan, established pursuant to under chapter 3A;

(6) the elective state officers' retirement plan, established pursuant to under chapter 352C;

(7) the general employees retirement plan of the public employees retirement association, established pursuant to under chapter 353;

(8) the public employees police and fire fund retirement plan of the public employees retirement association, established pursuant to under chapter 353;

(9) public employees the local government correctional service retirement plan of the public employees retirement association, established pursuant to under chapter 353E;

(10) the teachers retirement association, established pursuant to under chapter 354;

(11) the Minneapolis employees retirement fund, established pursuant to under chapter 422A;

(12) the Minneapolis teachers retirement fund association, established ~~pursuant to~~ under chapter ~~354A~~;

(13) the St. Paul teachers retirement fund association, established ~~pursuant to~~ under chapter 354A;

(14) the Duluth teachers retirement fund association, established ~~pursuant to~~ under chapter 354A; and

(15) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 20. Minnesota Statutes 2000, section 356.302, is amended to read:

356.302 [DISABILITY BENEFIT WITH COMBINED SERVICE.]

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to (8) and (13).

(f) "Occupationally disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (9) to ~~(11)~~ (12).

(h) "Totally and permanently disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Subd. 2. [ENTITLEMENT.] Notwithstanding any provision of law to the contrary governing any covered retirement plan, a member of a covered retirement plan may receive a combined service disability benefit from each covered retirement plan in which the person has credit for at least one-half year of allowable service if that person meets the applicable qualifying conditions. Subdivision 3 applies to a member of a general employee retirement plan. Subdivision 4 applies to a member of a public safety employee retirement plan. Subdivision 5 applies to a member of a covered retirement plan with both general employee and public safety employee retirement plan service.

Subd. 3. [GENERAL EMPLOYEE PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than 65 years of age on the date of the application for the disability benefit;

(2) has become totally and permanently disabled;

(3) has credit for allowable service in any combination of general employee retirement plans totaling at least three years;

(4) has credit for at least one-half year of allowable service with the current general employee retirement plan before the commencement of the disability;

(5) has at least three continuous years of allowable service credit by the general employee retirement plan or has at least a total of three years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and

(6) is was not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

Subd. 4. [PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

(1) has become occupationally disabled;

(2) has credit for allowable service in any combination of public safety employee retirement plans totaling at least one year if the disability is duty-related or totaling at least three years if the disability is not duty-related;

(3) has credit for at least one-half year of allowable service with the current public safety employee retirement plan before the commencement of the disability; and

(4) is was not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

Subd. 5. [GENERAL AND PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of both a public safety employee retirement plans plan and general employee retirement plans plan must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined service disability benefit from the applicable general employee and public safety employee retirement plans, except that the person need only be a member of a covered retirement plan at the time of the commencement of the disability and that the minimum allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3) and (4), may be met in any combination of covered retirement plans.

Subd. 6. [COMBINED SERVICE DISABILITY BENEFIT COMPUTATION.] (a) The combined service disability benefit from each covered retirement plan must be based on the allowable service in each retirement plan, except as specified in paragraphs (b) to (f).

(b) The disability benefit must be governed by the law in effect for each covered retirement plan on the date of the commencement of the member's most recent qualifying disability as a member of a covered retirement plan.

(c) All plans must base the disability benefit on the same average salary figure to the extent practicable.

(d) If the method of the covered retirement plan used to compute a disability benefit varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a disability benefit does not vary based on the length of allowable service credit, the portion of the specified benefit amount from the plan must bear the same proportion to the total specified benefit amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the disability benefit amount for allowable service under the plan is not affected, but the service and the covered salary under the plan must be used as applicable in calculations by other covered retirement plans.

(f) A period for which a person has allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service disability benefit, with any period of duplicated service credit handled under as provided in section 356.30, subdivision 1, clause (3), items (i) and (j) paragraphs (g) and (h).

(g) If a person is entitled to a minimum benefit payable from one of the public pension plans ~~named~~ enumerated in section 356.30, subdivision 3, the person may receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

(h) A partially employed recipient of a disability benefit must have any current reemployment income plus the total disability ~~payment~~ payments from all plans ~~listed~~ enumerated in subdivision 7 added together, and then compared to their final salary rate as a public employee. If current income plus the total disability payments exceed the final salary of the person at the time of retirement, then disability benefit payments from all the plans will must be reduced on a prorated basis relative to the years of service in each fund so that earnings plus benefit payments do not exceed ~~their~~ the final salary rate.

Subd. 7. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established by chapter 352;

(2) the unclassified state employees retirement plan program of the Minnesota state retirement system, established by chapter 352D;

(3) the general employees retirement plan of the public employees retirement association, established by chapter 353;

(4) the teachers retirement association, established by chapter 354;

(5) the Duluth teachers retirement fund association, established by chapter 354A;

(6) the Minneapolis teachers retirement fund association, established by chapter 354A;

(7) the St. Paul teachers retirement fund association, established by chapter 354A;

(8) the Minneapolis employees retirement fund, established by chapter 422A;

(9) the state correctional employees retirement plan of the Minnesota state retirement system, established by chapter 352;

(10) the state patrol retirement fund plan, established by chapter 352B;

(11) the public employees police and fire fund plan of the public employees retirement association, established by chapter 353;

(12) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E; and

(13) the judges' retirement fund plan, established by sections 490.121 to 490.132.

Sec. 21. Minnesota Statutes 2000, section 356.303, is amended to read:

356.303 [SURVIVOR BENEFIT WITH COMBINED SERVICE.]

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a survivor annuity or a survivor benefit, whichever applies, by the covered retirement plan and that is drawn from any period of credited service and covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan ~~listed~~ enumerated in subdivision 4.

(d) "Deceased member" means a person who on the date of death was an active member of a covered retirement plan and who has reached the minimum age, if any, that is required by the covered retirement plan as part of qualifying for a survivor annuity or survivor benefit.

(e) "Surviving child" means a child of a deceased member (1) who is unmarried; (2) who has not reached age 18, or, if a full-time student, who has not reached a higher age as specified in ~~by~~ the applicable covered retirement plan; and (3) if specified by that plan, who was actually dependent on the deceased member for a specified proportion of support before the deceased member's death. "Surviving child" includes a natural child, an adopted child, or a child of a deceased member who is conceived during the member's lifetime and who is born after the member's death.

(f) "Surviving spouse" means the legally married husband or wife, whichever applies, of the deceased member who was residing with the deceased member on the date of death and who, if specified by the applicable covered retirement plan, had been married to the deceased member for a specified period of time before the death of the deceased member.

(g) "Survivor annuity" means the entitlement to a future amount payable to a survivor as the remainder interest of an optional annuity form implied by law as having been chosen by a deceased member before the date of death and effective on the date of death or provided automatically.

(h) "Survivor benefit" means an entitlement to a future amount payable to a survivor that is not included in the definition of a survivor annuity.

Subd. 2. [ENTITLEMENT; ELIGIBILITY.] Notwithstanding any provision of law to the contrary governing a covered retirement plan, a person who is the survivor of a deceased member of a covered retirement plan may receive a combined service survivor benefit from each covered retirement plan in which the deceased member had credit for at least one-half year of allowable service if the deceased member:

(1) had credit for sufficient allowable service in any combination of covered retirement plans to meet any minimum allowable service credit requirement of the covered retirement fund for qualification for a survivor benefit or annuity;

(2) had credit for at least one-half year of allowable service with the most recent covered retirement plan before the date of death and was an active member of that covered retirement plan on the date of death; and

(3) was not receiving a retirement annuity from any covered retirement plan on the date of death.

Subd. 3. [COMBINED SERVICE SURVIVOR BENEFIT COMPUTATION.] (a) The combined service survivor annuity or survivor benefit from each covered retirement plan must be based on the allowable service in each covered retirement plan, except as provided by paragraphs (b) to (f).

(b) The survivor annuity or survivor benefit must be governed by the law in effect for each covered retirement plan on the date of the death of the deceased member.

(c) All plans must base the survivor annuity or survivor benefit on the same average salary figure if the annuity or benefit is salary related.

(d) If the method of the covered retirement plan used to compute a survivor benefit or annuity varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a survivor benefit or annuity does not vary based on the length of allowable service credit, the portion of the specified benefit or annuity amount from the covered retirement plan must bear the same proportion to the total specified benefit or annuity amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the survivor benefit amount for allowable service under the plan is not affected, but the service and covered salary under the plan must be used in calculations by other covered retirement plans.

(f) A period for which a ~~person has~~ deceased member had allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service survivor annuity or survivor benefit. A period of duplicated service credit must be handled as provided in section 356.30, subdivision 1, ~~clause (3), items (i) and (j) paragraphs (g) and (h).~~

(g) If a person is entitled to a minimum benefit payable from a public pension plan named in section 356.30, subdivision 3, the person may receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

Subd. 4. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

- (1) the legislators retirement plan, established by chapter 3A;
- (2) the general state employees retirement fund plan of the Minnesota state retirement system, established by chapter 352;
- (3) the correctional state employees retirement plan of the Minnesota state retirement system, established by chapter 352;
- (4) the state patrol retirement ~~fund~~ plan, established by chapter 352B;
- (5) the elective state officers retirement plan, established by chapter 352C;
- (6) the unclassified state employees retirement plan program, established by chapter 352D;
- (7) the general employees retirement plan of the public employees retirement association, established by chapter 353;
- (8) the public employees police and fire fund plan of the public employees retirement association, established by chapter 353;
- (9) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E;
- (10) the teachers retirement association, established by chapter 354;
- (11) the Duluth teachers retirement fund association, established by chapter 354A;
- (12) the Minneapolis teachers retirement fund association, established by chapter 354A;
- (13) the St. Paul teachers retirement fund association, established by chapter 354A;
- (14) the Minneapolis employees retirement fund, established by chapter 422A; and

(15) the judges' retirement fund, established by sections 490.121 to 490.132.

RETIREMENT ANNUITIES

Sec. 22. [356.315] [RETIREMENT BENEFIT FORMULA PERCENTAGES.]

Subdivision 1. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.2 percent.

Subd. 2. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.7 percent.

Subd. 2a. [COORDINATED MEMBERS.] The applicable benefit accrual rate is 2.0 percent.

Subd. 3. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.2 percent.

Subd. 4. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.7 percent.

Subd. 5. [CORRECTIONAL PLAN MEMBERS.] The applicable benefit accrual rate is 2.4 percent.

Subd. 5a. [LOCAL GOVERNMENT CORRECTIONAL SERVICE PLAN.] The applicable benefit accrual rate is 1.9 percent.

Subd. 6. [STATE TROOPERS PLAN AND POLICE AND FIRE PLAN MEMBERS.] The applicable benefit accrual rate is 3.0 percent.

Subd. 7. [JUDGES PLAN.] The applicable benefit accrual rate is 2.7 percent.

Subd. 8. [JUDGES PLAN.] The applicable benefit accrual rate is 3.2 percent.

Subd. 9. [FUTURE BENEFIT ACCRUAL RATE INCREASES.] After January 2, 1998, benefit accrual rate increases under this section must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 23. Minnesota Statutes 2000, section 356.32, is amended to read:

356.32 [PROPORTIONATE ANNUITY AT AGE 65.]

Subdivision 1. [PROPORTIONATE RETIREMENT ANNUITY.] (a) Notwithstanding any provision to the contrary of the laws governing any of the retirement funds ~~referred to~~ enumerated in subdivision 2, any person who is an active member of any applicable fund, who has credit for at least one year but less than ten years of allowable service in one or more of the applicable funds covered plans, and who terminates active service pursuant to under a mandatory retirement law or policy or at age 65 or older, or at the normal retirement age if this age is not age 65, for any reason shall be is entitled upon making written application on the form prescribed by ~~executive director or executive secretary~~ the chief administrative officer of the fund plan to a proportionate retirement annuity from each applicable fund covered plan in which the person has allowable service credit.

(b) The proportionate annuity ~~shall~~ must be calculated under the applicable laws governing annuities based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years.

(c) Nothing in this section ~~shall prevent~~ prevents the imposition of the appropriate early retirement reduction of an annuity which commences ~~prior to~~ before the normal retirement age.

Subd. 2. [COVERED FUNDS RETIREMENT PLANS.] The provisions of this section shall apply to the following retirement ~~funds~~ plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(2) the correctional state employees retirement program plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(3) the state patrol retirement fund plan, established pursuant to under chapter 352B;

(4) the general employees retirement plan of the public employees retirement fund association, established pursuant to under chapter 353;

(5) the public employees police and fire fund plan of the public employees retirement association, established pursuant to under chapter 353;

(6) the teachers retirement association, established pursuant to under chapter 354;

(7) the Minneapolis employees retirement fund, established pursuant to under chapter 422A;

(8) the Duluth teachers retirement fund association, established pursuant to under chapter 354A;

(9) the Minneapolis teachers retirement fund association, established pursuant to under chapter 354A; and

(10) the St. Paul teachers retirement fund association, established pursuant to under chapter 354A.

Sec. 24. Minnesota Statutes 2000, section 356.40, is amended to read:

356.40 [DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.]

(a) Notwithstanding any law to the contrary, all annuities and benefits payable on and after December 1, 1977 by a covered retirement fund, as defined in section 356.30, subdivision 3, shall must be paid in advance for each month during the first week of that month. The bylaws of municipal local retirement funds shall must be amended accordingly.

(b) In no event, however, shall may this section authorize more than one payment in any one month where the law governing the applicable retirement fund as of June 30, 1977 already provides for the full payment or accrual of annuities and benefits in advance for each month or as of the first day of the month, nor shall it authorize the payment of both a retirement annuity and a surviving spouse's benefit in one month where the law governing the applicable retirement fund provides for the payment of the retired member's retirement annuity to the surviving spouse for the month in which the retired member dies.

Sec. 25. [356.403] [NORMAL RETIREMENT AGE; SAVINGS CLAUSE.]

The intent of the legislature in sections 352.01, subdivision 25; 353.01, subdivision 37; 354.05, subdivision 38; and 354A.011, subdivision 15a, is to create a normal retirement age for persons first covered by those sections after May 16, 1989, that is the same as the retirement age in the federal Social Security law, including future amendments to that law. If a court determines that the legislature may not incorporate by reference the future changes in federal Social Security law, the legislature reserves the right to amend the appropriate sections to make the normal retirement conform to the retirement age in the federal Social Security law. No person first covered by any of those sections after May 16, 1989, has a right to a normal retirement age that is less than the retirement age in the federal Social Security law.

Sec. 26. [356.405] [COMBINED PAYMENT OF RETIREMENT ANNUITIES.]

(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 its portion of the payment separately, and there may be no additional actuarial liabilities realized by either plan.

(c) The plan making the payment would be responsible for issuing one payment, making address changes, tax withholding changes, and other administrative functions needed to process the payment.

SURVIVOR BENEFITS

Sec. 27. [356.406] [LOSS OF ENTITLEMENT TO BENEFITS FOR SURVIVOR CAUSING DEATH OF PENSION PLAN MEMBER.]

Subdivision 1. [DEFINITIONS.] (a) Each of the words or terms defined in this subdivision has the meaning indicated.

(b) "Public pension plan" means any retirement plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, any relief association governed by section 69.77 or sections 69.771 to 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin county supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing and redevelopment authority retirement plan.

(c) "Public pension plan member" means a person who is a participant covered by a public pension plan, a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension, a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan, or a former participant of a public pension plan who has member or employee contributions to the person's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, a death benefit, a funeral benefit, or a refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Subd. 2. [SUSPENSION OF SURVIVOR BENEFITS UPON FELONY CHARGE.] During the pendency of a charge of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is suspended.

Subd. 3. [FORFEITURE OF SURVIVOR BENEFITS UPON FELONY CONVICTION.] On final conviction of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is forfeited, including entitlement for any previously suspended survivor benefits under subdivision 2.

Subd. 4. [SUSPENSION OR FORFEITURE ACTIONS SEPARATE.] The charge of one survivor under subdivision 2 or the conviction of one survivor under subdivision 3 does not affect the entitlement of another survivor to a survivor benefit.

Subd. 5. [RECOVERY OF CERTAIN BENEFITS.] If monthly benefits or a refund or balance of a participant or former participant's account have already been paid to an individual who is later charged or convicted as described under this section, the executive director or chief administrative officer of the public pension plan shall attempt to recover the amounts paid. Payment may be made to the next beneficiary or survivor only in an amount equal to the amount recovered and in the amount of any future payments that would legally accrue to another survivor under the applicable laws of the retirement plan.

Subd. 6. [DISPOSITION OF FORFEITED SURVIVOR BENEFITS.] If the benefit plan document governing the public pension plan does not provide for the disposition of forfeited benefits, survivor benefits forfeited under this section must be deposited in the general fund of the state.

Sec. 28. [356.407] [RESTORATION OF SURVIVOR BENEFITS.]

Subdivision 1. [RESTORATION UPON TERMINATION OF REMARRIAGE.] Notwithstanding any provision to the contrary of the laws governing any of the retirement plans enumerated in subdivision 2, any person who was receiving a surviving spouse's benefit from any of those plans and whose benefit terminated solely because of remarriage is, if the remarriage terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit; provided, however, that the person is not entitled to retroactive payments for the period of remarriage. The benefit resumes at the level which the person would have been receiving if there had been no remarriage. This section applies prospectively to any person who first becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and also applies retroactively to any person who first became entitled to receive a surviving spouse's benefit before May 18, 1975; provided, however, that no person is entitled to retroactive payments for any period of time before May 18, 1975.

Subd. 2. [COVERED FUNDS.] The provisions of this section apply to the following retirement funds:

(1) the general employees retirement plan of the public employees retirement association established under chapter 353;

(2) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(3) the state patrol retirement plan established under chapter 352B;

(4) the legislators retirement plan established under chapter 3A;

(5) the elective state officers retirement plan established under chapter 352C;

(6) the teachers retirement association established under chapter 354; and

(7) the Minneapolis employees retirement fund established under chapter 422A.

POSTRETIREMENT INCREASES

Sec. 29. Minnesota Statutes 2000, section 356.41, is amended to read:

356.41 [BENEFIT ADJUSTMENTS FOR CERTAIN DISABILITY AND SURVIVOR BENEFITS.]

Disability benefits payable to a disabillant, if not otherwise included in the participation in the Minnesota postretirement investment fund, and survivor benefits payable to a survivor from any public pension fund plan which participates in the Minnesota postretirement investment fund shall must be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to eligible benefit recipients of that public pension fund plan. If a disability benefit is not included in the participation in the Minnesota postretirement investment fund, the disability benefit is recomputed as a retirement annuity and the recipient would have been eligible for an adjustment pursuant to under this section if the disability benefit was not recomputed, the recipient will continue to be remains eligible for the adjustment pursuant to under this section after the recomputation. For the survivor of a deceased annuitant who receives a survivor benefit calculated pursuant to under a prior law rather than the second portion of a joint and survivor annuity, any period of receipt of a retirement annuity by the annuitant shall must be utilized in determining the period of receipt for eligibility to receive an adjustment pursuant to under this section. No recipient shall, however, be is entitled to more than one adjustment pursuant to under this section or section 11A.18 applicable to one benefit at one time by reason of this section.

Sec. 30. [356.42] [POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.]

Subdivision 1. [ENTITLEMENT.] A person who is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 3, clauses (1) to (8), is entitled to receive a postretirement adjustment from the applicable retirement fund in the amount specified in subdivision 2, if the annuity or benefit was computed under:

(1) the laws in effect before June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (4);

(2) the laws in effect before July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 3, clause (1), (2), (3), or (5);

(3) the metropolitan transit commission transit operating division employees retirement fund plan document in effect on or before December 31, 1977, if the person is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from the retirement fund specified in subdivision 3, clause (5);

(4) the laws in effect before May 1, 1974, and before any adjustment under Laws 1987, chapter 372, article 3, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (6);

(5) the laws in effect before January 1, 1970, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (7); or

(6) the laws in effect before June 30, 1971, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (8).

Subd. 2. [AMOUNT OF POSTRETIREMENT ADJUSTMENT; PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan annuity or benefit recipients, the postretirement adjustment in 1989 is \$25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan annuity or benefit recipients, the postretirement adjustment in 1989 is the greater of:

(1) \$25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of \$400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the Social Security Administration.

In 1990 and each following year, each eligible basic plan annuity or benefit recipient shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(d) The postretirement adjustment provided for in this section must be paid on December 1 to

those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize the payment of a postretirement adjustment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid or returns the amount of adjustment to the retirement fund. Written notice of the waiver of the postretirement adjustment is irrevocable for the year during which it was made.

Subd. 3. [COVERED RETIREMENT PLANS.] The postretirement adjustment provided in this section applies to the following retirement funds:

- (1) the general employees retirement plans of the public employees retirement association;
- (2) the public employees police and fire plan of the public employees retirement association;
- (3) the teachers retirement association;
- (4) the state patrol retirement plan;
- (5) the state employees retirement plan of the Minnesota state retirement system;
- (6) the Minneapolis teachers retirement fund association established under chapter 354A;
- (7) the St. Paul teachers retirement fund association established under chapter 354A; and
- (8) the Duluth teachers retirement fund association established under chapter 354A.

Sec. 31. [356.43] [SUPPLEMENTAL BENEFIT; LUMP SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.]

Subdivision 1. [ENTITLEMENT.] Any person who is receiving either an annuity that was computed under the laws in effect before March 5, 1974, or a "\$2 bill and annuity" annuity from the Minneapolis employees retirement fund is entitled to receive a supplemental benefit lump sum payment from the retirement fund in the amount specified in subdivision 2.

Subd. 2. [AMOUNT OF PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1991, and entitled to receive a supplemental benefit lump sum payment under subdivision 1, the payment is \$28 for each full year of allowable service credited to the person by the retirement fund.

In 1992 and each following year, each eligible benefit recipient is entitled to receive the amount received in the preceding year increased by the same percentage applied on the most recent January 1 to regular annuities paid from the Minneapolis employees retirement fund.

(b) The payment provided for in this section is payable on December 1, 1991, to those persons receiving an annuity or benefit on November 30, 1991. In subsequent years, the payment must be made on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize payment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The payment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that it not be paid.

Subd. 3. [STATE APPROPRIATION.] Payments under this section are the responsibility of the Minneapolis employees retirement fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually \$550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision, plus investment earnings on the aid, shall be included by the retirement fund board and the actuary retained by the legislative commission on pensions and

retirement in determining the financial requirements of the fund and contributions under section 422A.101.

Sec. 32. [356.431] [CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.]

Subdivision 1. [LUMP-SUM POSTRETIREMENT PAYMENT CONVERSION.] For benefits paid after December 31, 2001, to eligible persons under sections 356.42 and 356.43, the amount of the most recent lump-sum benefit payable to an eligible recipient under sections 356.86 and 356.865, must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases.

Subd. 2. [TRANSFER OF REQUIRED RESERVES TO MINNESOTA POSTRETIREMENT INVESTMENT FUND.] Public employee retirement funds participating in the state board of investment postretirement investment fund shall transfer the required reserves for the postretirement conversion under subdivision 1 to the postretirement investment fund by January 31, 2002.

REFUNDS

Sec. 33. [356.44] [PARTIAL PAYMENT OF PENSION PLAN REFUND.]

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit is allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 34. [356.441] [REPAYMENT OF REFUNDS.]

Repayment of a refund and interest on that refund permitted under laws governing any public pension plan in Minnesota may be made with funds distributed from a plan qualified under the federal Internal Revenue Code of 1986, section 401(a), as amended through December 31, 1988, or an annuity qualified under the federal Internal Revenue Code of 1986, section 403(a). Repayment may also be made with funds distributed from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The repaid refund must be separately accounted for as member contributions not previously taxed. Before accepting any transfers to which this section applies, the executive director must require the member to provide written documentation to demonstrate that the amounts to be transferred are eligible for a tax-free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986.

OPTIONAL ANNUITY FORMS

Sec. 35. [356.46] [APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.]

Subdivision 1. [DEFINITIONS.] As used in this section, each of the following terms shall have the meaning given.

(a) "Annuity form" means the payment procedure and duration of a retirement annuity or disability benefit available to a member of a public pension fund, based on the period over which a retirement annuity or disability benefit is payable, determined by the number of persons to whom the retirement annuity or disability benefit is payable, and the amount of the retirement annuity or disability benefit which is payable to each person.

(b) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity or disability benefit to a retired member and the spouse of the member on a joint basis during the lifetime of the retired member and all or a portion of the original retirement annuity or disability benefit amount to the surviving spouse in the event of the death of the retired member.

(c) "Optional annuity form" means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension plan.

(d) "Public pension plan" means a public pension plan as defined pursuant to section 356.615, paragraph (b).

(e) "Retirement annuity" means a series of monthly payments to which a former or retired member of a public pension fund is entitled on account of attaining a specified age and acquiring credit for a specified period of service, which includes a retirement annuity, retirement allowance, or service pension.

(f) "Disability benefit" means a series of monthly payments to which a former or disabled member of a public pension fund is entitled on account of a physical or mental inability to engage in specified employment.

Subd. 2. [PROVISION OF INFORMATION ON ANNUITY FORMS.] Every public pension plan which provides for an annuity form other than a single life retirement annuity as an option which can be elected by an active, disabled, or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the optional annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form, and the procedure to be followed to obtain more information from the public pension fund concerning the optional annuity forms provided by the plan.

Subd. 3. [REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.] (a) If a public pension plan provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the executive director of the public pension plan shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional retirement annuity.

(b) Following the election of a retirement annuity by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, must be sent by the public pension plan to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form unless the spouse's signature confirming the receipt is on the annuity application form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension plan must send another copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, to the spouse by certified mail with restricted delivery.

Sec. 36. [356.465] [SUPPLEMENTAL NEEDS TRUST AS OPTIONAL ANNUITY FORM RECIPIENT.]

Subdivision 1. [INCLUSION AS RECIPIENT.] Notwithstanding any provision to the contrary of the laws, articles of incorporation, or bylaws governing a covered retirement plan specified in subdivision 3, a retiring member may designate a qualified supplemental needs trust under

subdivision 2 as the remainder recipient on an optional retirement annuity form for a period not to exceed the lifetime of the beneficiary of the supplemental needs trust.

Subd. 2. [DEFINITION OF QUALIFIED SUPPLEMENTAL NEEDS TRUST.] A qualified supplemental needs trust is a trust that:

(1) was established on or after July 1, 1992;

(2) was established solely for the benefit of one person who has a disability under federal Social Security Administration supplemental security income or retirement, survivors, and disability insurance disability determination standards and who was determined as such before the creation of the trust;

(3) is funded, in whole or in part, by the primary recipient of the optional annuity form and, unless the trust is a Zebley trust, is not funded by the beneficiary, the beneficiary's spouse, or a person who is required to pay a sum to or for the trust beneficiary under the terms of litigation or a litigation settlement;

(4) is established to cover reasonable living expenses and other basic needs of the disablitant, in whole or in part, in instances when public assistance does not provide sufficiently for these needs;

(5) is not permitted to make disbursement to replace or reduce public assistance otherwise available;

(6) is irrevocable;

(7) terminates upon the death of the disabled person for whose benefit it was established; and

(8) is determined by the executive director to be a trust that contains excluded assets for purposes of the qualification for public entitlement benefits under the applicable federal and state laws and regulations.

Subd. 3. [COVERED RETIREMENT PLANS.] The provisions of this section apply to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota state retirement system established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota state retirement system established under chapter 352;

(3) the state patrol retirement plan established under chapter 352B;

(4) the legislators retirement plan established under chapter 3A;

(5) the judges retirement plan established under chapter 490;

(6) the general employees retirement plan of the public employees retirement association established under chapter 353;

(7) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(8) the teachers retirement plan established under chapter 354;

(9) the Duluth teachers retirement fund association established under chapter 354A;

(10) the St. Paul teachers retirement fund association established under chapter 354A;

(11) the Minneapolis teachers retirement fund association established under chapter 354A;

(12) the Minneapolis employees retirement plan established under chapter 422A;

- (13) the Minneapolis firefighters relief association established under chapter 69;
- (14) the Minneapolis police relief association established under chapter 423B; and
- (15) the local government correctional service retirement plan of the public employees retirement association established under chapter 353E.

REEMPLOYED ANNUITANT EARNINGS DISPOSITION

Sec. 37. [356.47] [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 section 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 to 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.

MARRIAGE DISSOLUTION RETIREMENT

COVERAGE INFORMATION

Sec. 38. [356.49] [PROVISION OF INFORMATION IN THE EVENT OF MARRIAGE DISSOLUTION.]

Subdivision 1. [INFORMATION FOR A PENDING MARRIAGE DISSOLUTION.] (a) Upon receipt of a written request by a person with access to the data under subdivision 3 who cites this statute, a public or private pension plan administrator must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon the request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, or as of the end of the previous fiscal year for the plan, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

Subd. 2. [INFORMATION FOR AN EXISTING DISSOLUTION DECREE.] If a marriage dissolution decree rendered by a court of competent jurisdiction prior to August 1, 1987, provided a procedure for the distribution of future pension plan payments, upon request the applicable pension plan administrator shall provide on a timely basis to the court and the parties to the action

the required information to implement that procedure without requiring a signed authorization from the plan member or former plan member.

Subd. 3. [ACCESS TO DATA.] Notwithstanding any provision of chapter 13 to the contrary, an administrator may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 518.582, to the extent necessary to comply with this section, but only if the administrator has received a copy of the legal petition showing that an action for marriage dissolution has commenced and a copy of the affidavit of service showing that the petition has been served on the responding party to the action.

SERVICE AND SALARY CREDIT UPON WRONGFUL DISCHARGE

Sec. 39. Minnesota Statutes 2000, section 356.50, is amended to read:

356.50 [SERVICE AND SALARY CREDIT FROM BACK PAY AWARDS IN THE EVENT OF WRONGFUL DISCHARGE.]

(a) A person who is wrongfully discharged from public employment that gave rise to coverage by a public employee pension plan listed enumerated in section 356.30, subdivision 3, is entitled to obtain allowable service credit from the applicable public employee pension plan for the applicable period caused by the wrongful discharge.

(b) A person is wrongfully discharged for purposes of this section if:

(1) the person has been determined by a court of competent jurisdiction or an arbitrator in binding arbitration to have been wrongfully discharged from public employment;

(2) the person received an award of back pay with respect to that discharge; and

(3) the award does not include any amount for any lost or interrupted public pension plan coverage.

~~(b)~~ (c) To obtain the public pension plan allowable service credit, the person shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including reemployment insurance, workers' compensation or wages from other sources which reduced the back award. No contributions shall be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award, within 60 days of April 14, 1992, or within 60 days of a billing from the retirement fund, whichever is later.

~~(e)~~ (d) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph ~~(b)~~ (c). Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent per year, expressed monthly, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph ~~(b)~~ (c).

Sec. 40. Minnesota Statutes 2000, section 356.55, as amended by Laws 2001, First Special Session chapter 10, article 6, section 16, is amended to read:

356.55 [PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

Subdivision 1. [APPLICATION.] (a) Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, this section governs the determination of the prior service credit purchase payment amount of any prior service credit purchase.

(b) The purchase payment amount determination procedure must recognize any service credit accrued to the purchaser in a pension plan listed enumerated in section 356.30, subdivision 3.

(c) Any service credit in a Minnesota defined benefit public employee pension plan available to be reinstated by the purchaser through the repayment of a refund of member or employee contributions previously received must be repaid in full before any purchase of prior service credit payment is made under this section.

Subd. 2. [DETERMINATION.] (a) Unless the prior service credit purchase minimum purchase payment amount determined under paragraph (d) is greater, the prior service credit purchase amount is the result obtained by subtracting the amount determined under paragraph (c) from the amount determined under paragraph (b).

(b) The present value of the unreduced single life retirement annuity, with the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, including the purchase of the additional service credit, must be determined;

(2) the length of total service credit, including the period of the purchase of the additional service credit, at the age determined under clause (1) must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount at the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service, the length of service determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined; and

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined.

(c) The present value of the unreduced single life retirement annuity, without the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, not including the purchase of additional service credit, must be determined;

(2) the length of accrued service credit, without the period of the purchase of the additional service credit, at the age determined under clause (1), must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount to the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service the length of service credit determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined;

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined; and

(7) the net value of the discounted value determined under clause (6), must be determined by applying a service ratio, where the numerator is the total length of credited service determined under paragraph (b), clause (2), reduced by the period of the additional service credit proposed to be purchased, and where the denominator is the total length of service credit determined under clause (2).

(d) The minimum prior service credit purchase payment amount is the amount determined by multiplying the most current annual salary of the prospective purchaser by the combined current employee, employer, and any additional employer contribution rates for the applicable pension plan and by multiplying that result by the number of years of service or fractions of years of service of the potential service credit purchase.

Subd. 3. [SOURCE OF DETERMINATION.] The prior service credit purchase payment amounts under subdivision 2 must be calculated by the chief administrative officer of the public pension plan using a prior service credit purchase payment amount determination process that has been verified for accuracy and consistency under this section by the commission-retained actuary. That verification must be in writing and must occur before the first prior service credit purchase for the plan under this section is accepted and every five years thereafter or whenever the preretirement interest rate, postretirement interest rate, payroll growth, or mortality actuarial assumption for the applicable pension plan is modified under section 356.215, whichever occurs first.

Subd. 4. [PRIOR SERVICE CREDIT PURCHASE PROCESSING FEE.] A public pension plan may establish a fee to be charged to the prospective purchaser for processing a prior service credit purchase application and the prior service credit purchase payment amount calculation. The fee must be established by the governing board of the pension plan and must be uniform for comparable service credit purchase situations or actuarial calculation requests. The prior service credit purchase processing fee structure must be published by the chief administrative officer of the applicable retirement plan in the State Register.

Subd. 5. [PAYMENT RESPONSIBILITY; EMPLOYER OPTION.] Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies otherwise, the prior service credit purchase payment amount determined under subdivision 2 is payable by the purchaser, ~~but~~. However, the former employer of the purchaser or the current employer of the purchaser may, at its discretion, pay all or a portion of the purchase payment amount in excess of an amount equal to the employee contribution rate or rates in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date on which the payment is actually made.

Subd. 6. [REPORT ON PRIOR SERVICE CREDIT PURCHASES.] (a) As part of the regular data reporting provided to the consulting actuary retained by the legislative commission on pensions and retirement annually, the chief administrative officer of each public pension plan that has accepted a prior service credit purchase payment under this section shall report for any purchase, the purchaser, the purchaser's employer, the age of the purchaser, the period of the purchase, the purchaser's prepurchase accrued service credit, the purchaser's postpurchase accrued service credit, the purchaser's prior service credit payment, the prior service credit payment made by the purchaser's employer, and the amount of the additional benefit or annuity purchased.

(b) As a supplemental report to the regular annual actuarial valuation for the applicable public pension plan prepared by the consulting actuary retained by the legislative commission on pensions and retirement, ~~there must be the actuary~~ shall provide a comparison for each purchase showing the total prior service credit payment received from all sources and the increased public pension plan actuarial accrued liability resulting from each purchase.

Subd. 7. [EXPIRATION OF PURCHASE PAYMENT DETERMINATION PROCEDURE.]

(a) This section expires and is repealed on July 1, 2003.

(b) Authority for any public pension plan to accept a prior service credit payment that is calculated in a timely fashion under this section expires on October 1, 2003.

Sec. 41. Minnesota Statutes 2000, section 356.551, is amended to read:

356.551 [POST JULY 1, 2004 2003, PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

(a) ~~Subdivision 1.~~ [APPLICATION.] Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, and if section 356.55 has expired, this section governs the determination of the prior service credit purchase payment amount of any prior service credit purchase.

(b) ~~Subd. 2.~~ [DETERMINATION.] The prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained by the legislative commission on pensions and retirement, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section. Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 4d 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d 8. Payment must be made in one lump sum within one year of the prior service credit authorization. Payment of the amount calculated under this section must be made by the applicable eligible person. However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this ~~paragraph~~ subdivision, the purchaser must make the employee payments required under this ~~paragraph~~ subdivision within 290 days of the prior service credit authorization. If that employee payment is made, the employer payment under this ~~paragraph~~ subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this ~~paragraph~~ subdivision.

(c) ~~Subd. 3.~~ [DOCUMENTATION.] The prospective purchaser must provide any relevant documentation required by the chief administrative officer of the public pension plan to determine eligibility for the prior service credit under this section.

(d) ~~Subd. 4.~~ [PAYMENT PRECONDITION FOR CREDIT GRANT.] Service credit for the purchase period must be granted by the public pension plan to the purchaser upon receipt of the purchase payment amount specified in ~~paragraph (b)~~ subdivision 2.

Sec. 42. Minnesota Statutes 2001 Supplement, section 356.555, is amended to read:

356.555 [PARENTAL OR FAMILY LEAVE SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZATION.] (a) Notwithstanding any provision to the contrary of the laws governing a covered pension plan enumerated in subdivision 4, a member of the pension plan who has at least three years of allowable service covered by the applicable pension plan and who was granted by the employer a parental leave of absence as defined in paragraph (b), or who was granted by the employer a family leave of absence as defined in paragraph (c), or who had a parental or family-related break in employment, as defined in paragraph (d), for which the person did not previously receive service credit or for which the person did not receive or purchase service credit from another defined benefit public employee pension plan, is entitled to purchase the actual period of the leave or of the break in service, up to five years, of allowable service credit in the applicable retirement plan. The purchase payment amount is governed by section 356.55.

(b) For purposes of this section, a parental leave of absence is a temporary period of interruption of or separation from active employment for the purposes of handling maternity or paternity duties that has been approved by the employing unit and that includes the right of reinstatement to employment.

(c) For purposes of this section, a family leave of absence is a family leave under United States Code, title 42, section 12631, as amended.

(d) For purposes of this section, a parental or family-related break in employment is a period following a termination of active employment primarily for the purpose of the birth of a child, the adoption of a child, or the provision of care to a near relative or in-law, after which the person returned to the prior employing unit or to an employing unit covered by the same pension plan that provided retirement coverage immediately prior to the termination of employment.

Subd. 2. [APPLICATION AND DOCUMENTATION.] (a) A person who desires to purchase service credit under subdivision 1 must apply for the service credit purchase with the chief administrative officer of the enumerated pension plan.

(b) The application must include all necessary documentation of the qualifications of the person to make the purchase, signed written permission to allow the chief administrative officer to request and receive necessary verification of all applicable facts and eligibility requirements, and any other relevant information that the chief administrative officer may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit in the applicable enumerated pension plan for the purchase period must be granted to the purchaser upon receipt of the purchase payment amount calculated under section 356.55. Payment of the purchase amount must be made before the person retires.

Subd. 4. [COVERED PENSION PLANS.] This section applies to the following pension plans:

- (1) the general state employees retirement plan governed by chapter 352;
- (2) the correctional state employees retirement plan governed by chapter 352;
- (3) the general ~~public~~ employees retirement plan of the public employees retirement association governed by chapter 353;
- (4) the public employees police and fire plan governed by chapter 353;
- (5) the teachers retirement plan governed by chapter 354;
- (6) the Minneapolis teachers retirement fund association governed by chapter 354A;
- (7) the Saint Paul teachers retirement fund association governed by chapter 354A;
- (8) the Duluth teachers retirement fund association governed by chapter 354A;
- (9) the Minneapolis employees retirement plan governed by chapter 422A;

(10) the Minneapolis police relief association governed by chapter 423B; and

(11) the Minneapolis fire department relief association governed by sections 69.25 to 69.53 and augmented by Laws 1959, chapters 213, 491, and 568, and other special local legislation.

COVERED SALARY LIMITATION

Sec. 43. Minnesota Statutes 2000, section 356.611, is amended to read:

356.611 [LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.]

Subdivision 1. [STATE SALARY LIMITATIONS.] (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund ~~under enumerated in~~ section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Subd. 2. [FEDERAL COMPENSATION LIMITS.] For members first contributing to a covered pension plan ~~covered under enumerated in~~ section 356.30, subdivision 3, on or after July 1, 1995, compensation in excess of the limitation set forth in Internal Revenue Code 401(a)(17) ~~shall may~~ not be included for contribution and benefit computation purposes. The compensation limit set forth in Internal Revenue Code 401(a)(17) on June 30, 1993, ~~shall apply~~ applies to members first contributing before July 1, 1995.

MEMBER CONTRIBUTION EMPLOYER PICK-UP

Sec. 44. Minnesota Statutes 2001 Supplement, section 356.62, is amended to read:

356.62 [PAYMENT OF EMPLOYEE CONTRIBUTION.]

(a) For purposes of any public pension plan, as defined in section 365.615, paragraph (b), each employer shall pick up the employee contributions required pursuant to law or the pension plan for all salary payable after December 31, 1982. If the United States Treasury department rules that ~~pursuant to~~ under section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that these picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions ~~shall~~ must be treated as employer contributions in determining tax treatment ~~pursuant to~~ under the Internal Revenue Code of 1986, as amended through December 31, 1992, and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee. The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.

(b) Employee contributions that are picked up ~~shall~~ must be treated for all purposes of the public pension plan in the same manner and to the same extent as employee contributions that were made prior to the date on which the employee contributions pick up began. The amount of

the employee contributions that are picked up shall must be included in the salary upon which retirement coverage is credited and retirement and survivor's benefits are determined. For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.

(c) For any calendar year in which withholding has been reduced pursuant to under this section, the employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return shall must be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 shall apply to the extent not inconsistent with the provisions of this section.

PENSION ASSET AND INVESTMENT LIMITATIONS

Sec. 45. [356.63] [LIMITATION ON USE OF PUBLIC PENSION PLAN ASSETS.]

(a) Money held by or credited to a public pension plan as assets, including employer and employee contributions, state aid, appropriations from the state or a governmental subdivision, and accrued earnings on investments, constitutes a dedicated fund. The dedicated fund may be used exclusively to pay retirement annuities, service pensions, disability benefits, survivor benefits, refunds of contributions, or other benefits provided under the benefit plan document or documents governing the public pension plan, and to pay reasonable administrative expenses approved by the governing board of the public pension plan or by another appropriate authority. No assets of a public pension plan may be loaned or transferred to the state or a governmental subdivision or be used to amortize an unfunded actuarial accrued liability in another public pension plan or fund, whether or not the plan providing the assets consolidates or has consolidated with the plan receiving the assets. Nothing in this section prohibits a public pension plan or the state board of investment from investing the assets of a plan as authorized by law, including the investment of the assets of public pension plans by the state board of investment in a commingled investment fund.

(b) A public pension plan for purposes of this section means a pension plan or fund specified in section 356.20, subdivision 2, or 356.30, subdivision 3, or a retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained, or supported by a governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or other public sources.

Sec. 46. [356.64] [REAL ESTATE INVESTMENTS.]

(a) Notwithstanding any law to the contrary, any public pension plan whose assets are not invested by the state board of investment may invest its funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if the investment is consistent with section 356A.04.

(b) Except to the extent authorized in the case of the Minneapolis employees retirement fund under section 422A.05, subdivision 2c, paragraph (a), an investment otherwise authorized by this section must also comply with the requirements and limitations of section 11A.24, subdivision 6.

ABANDONED PENSION FUND AMOUNTS

Sec. 47. Minnesota Statutes 2001 Supplement, section 356.65, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, unless the context clearly indicates otherwise, each of the following terms shall ~~have~~ has the ~~meanings~~ meaning given to ~~them~~ it:

(a) "Public pension fund" means any public pension plan as defined in section 356.615, paragraph (b), and any Minnesota volunteer firefighters relief association which is established pursuant to under chapter 424A and governed pursuant to under sections 69.771 to 69.776.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or other retirement benefit payments, including those made on warrants issued by the commissioner of finance, which have been issued and delivered for more than six months prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made; or

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 48. Minnesota Statutes 2000, section 356.65, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF ABANDONED AMOUNTS.] Any unclaimed public pension fund amounts existing in any public pension fund ~~shall be~~ are presumed to be abandoned, but ~~shall~~ are not be subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of the public pension fund specifically provides for a different disposition of unclaimed or abandoned funds or amounts, any unclaimed public pension fund amounts ~~shall~~ cancel and ~~shall~~ must be credited to the public pension fund. If the unclaimed public pension fund amount exceeds \$25 and the inactive or former member again becomes a member of the applicable public pension fund plan or applies for a retirement annuity pursuant to under section 3A.12, 352.72, 352B.30, 352C.051, 353.71, 354.60, 356.30, or 422A.16, subdivision 8, whichever is applicable, applies, the canceled amount ~~shall~~ must be restored to the credit of the person.

HEALTH INSURANCE WITHHOLDING

Sec. 49. Minnesota Statutes 2000, section 356.87, is amended to read:

356.87 [HEALTH INSURANCE WITHHOLDING.]

(a) Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund ~~listed~~ enumerated in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and shall pay the premium amounts to the public employees insurance program.

(b) The public employees insurance program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall assume liability for the failure of a public pension fund to properly withhold the premium amounts.

RETIREMENT PLAN

ADMINISTRATION

Sec. 50. [356B.05] [PUBLIC PENSION ADMINISTRATION LEGISLATION.]

(a) Proposed administrative legislation recommended by or on behalf of the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, the Minneapolis employees retirement fund, or a first class city teachers retirement fund association must be presented to the legislative commission on pensions and retirement, the state and local government operations committee of the senate, and the governmental operations and veterans affairs policy committee of the house of representatives on or before October 1 of each year in order for the proposed administrative legislation to be acted upon during the upcoming legislative session. The executive director or the deputy executive director of the

legislative commission on pensions and retirement shall provide written comments on the proposed provisions to the public pension plans by November 15 of each year.

(b) Proposed administrative legislation recommended by or on behalf of a public employee pension plan or system under paragraph (a) must address provisions:

- (1) authorizing allowable service credit for leaves of absence and related circumstances;
- (2) governing offsets or deductions from the amount of disability benefits;
- (3) authorizing the purchase of allowable service credit for prior uncredited periods;
- (4) governing subsequent employment earnings by reemployed annuitants; and
- (5) authorizing retroactive effect for retirement annuity or benefit applications.

(c) Where possible and desirable, taking into account the differences among the public pension plans in existing law and the unique characteristics of the individual public pension fund memberships, uniform provisions relating to paragraph (b) for all applicable public pension plans must be presented for consideration during the legislative session. Supporting documentation setting forth the policy rationale for each set of uniform provisions must accompany the proposed administrative legislation.

Sec. 51. [356B.10] [PUBLIC PENSION FACILITIES.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Boards" mean the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association.

(c) "Commissioner" means the commissioner of administration.

Subd. 2. [BUILDING; RELATED FACILITIES.] (a) The commissioner of administration may provide a building and related facilities to be jointly occupied by the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association for the administration of their public pension systems.

(b) Design of the facilities is not subject to section 16B.33. The competitive acquisition process set forth in chapter 16C does not apply if the process set forth in subdivision 3 is followed.

(c) The boards and the commissioner must submit the plans for a public pension facility under this section to the chair of the house ways and means committee and to the chair of the senate state government finance committee for their approval before the plans are implemented.

Subd. 3. [CONTRACTING PROCEDURES.] (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

- (1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;
- (2) design criteria for the exterior and site area;
- (3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

- (4) conceptual floor plans for systems space;
- (5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;
- (6) mechanical and electrical requirements;
- (7) special interior features required; and
- (8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, or to a private company under contract with the state board of investment or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they

may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Subd. 4. [REVENUE BONDS.] The commissioner of finance, on request of the governor, may sell and issue revenue bonds in an aggregate principal amount up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the amount needed to pay issuance costs and interest costs and to establish necessary reserves to secure the bonds. The commissioner of finance may issue bonds for the purpose of refunding bonds issued under this subdivision. The bonds may be sold and issued on terms and in a manner the commissioner of finance determines to be in the best interests of the state. The proceeds of the bonds must be credited to a bond proceeds account in the pension building fund which the commissioner of finance must create in the state treasury.

Subd. 5. [SECURITY.] The boards may pledge any or all assets of the boards as security for the bonds. The bonds and the interest on them must be paid solely from and secured by all assets of the boards pledged and appropriated for these purposes to the debt service fund created in subdivision 6 and any investment income on it and any reserve established for this purpose. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest on them must not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Subd. 6. [DEBT SERVICE FUND.] There is established in the state treasury a separate and special pension building debt service fund. Money in the funds managed by the boards is appropriated to the boards for transfer to the pension building debt service fund. Money appropriated and transferred to the fund and investment income on it on hand or required to be transferred to the fund must be used and is irrevocably appropriated to pay when due the principal of and interest on the bonds authorized in subdivision 4.

Subd. 7. [COVENANTS; AGREEMENTS.] The commissioner of finance may, for and on behalf of the state, enter into covenants and agreements not inconsistent with subdivisions 1 to 6 as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax exemption, and disclosure of information required by federal and state securities laws. The covenants and agreements of the commissioner of finance constitute an enforceable contract of the state and the state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of finance to fulfill the terms of the covenants or agreements made with the holders of the bonds, or in any way impair the rights and remedies of the holders until the bonds, together with the interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. The commissioner of finance may include this pledge and agreement of the state in any covenant or agreement with the holders of the bonds. Sections 16A.672 and 16A.675 apply to the bonds.

Sec. 52. [CROSS-REFERENCE CHANGES.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

<u>column A</u>	<u>column B</u>	<u>column C</u>
<u>3.751, subd. 1</u>	<u>356.89</u>	<u>356B.10</u>
<u>3A.02, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>3A.02, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>3A.11, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 6</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 9</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 11</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>13.631, subd. 2</u>	<u>356.80</u>	<u>356.49</u>

<u>69.77, subd. 2b</u>	<u>356.215, subs. 4</u>	<u>356.215, subs. 4 to 15</u>
	to 4k	
<u>69.77, subd. 2b</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>69.773, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>69.773, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.01, subd. 12</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.115, subd. 3</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>352.115, subd. 3</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>352.115, subd. 10</u>	356.58	356.47
<u>352.119, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.72, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.87, subd. 3</u>	<u>356.119, subd. 2a</u>	<u>356.315, subd. 2a</u>
<u>352.91, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.93, subd. 2</u>	<u>356.119, subd. 5</u>	<u>356.315, subd. 5</u>
<u>352.95, subd. 1</u>	<u>356.119, subd. 5</u>	<u>356.315, subd. 5</u>
<u>352B.08, subd. 2</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>
<u>352B.08, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352B.10, subd. 1</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>
<u>352B.26, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352B.30, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352C.031, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352C.033</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.01, subd. 14</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.03, subd. 3</u>	<u>356.215, subd. 4,</u>	<u>356.215, subd. 8</u>
	clause (4)	
<u>353.271, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 3</u>	<u>356.315, subd. 3</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 4</u>	<u>356.315, subd. 4</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>353.29, subd. 4</u>	<u>356.371, subd. 3</u>	<u>356.46, subd. 3</u>
<u>353.37, subd. 3a</u>	356.58	356.47
<u>353.651, subd. 3</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>
<u>353.656, subd. 1</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>
<u>353.665, subd. 8</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.71, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.08, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.08, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.09, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.09, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353E.04, subd. 3</u>	<u>356.119, subd. 5a</u>	<u>356.315, subd. 5a</u>
<u>353E.06, subd. 1</u>	<u>356.119, subd. 5a</u>	<u>356.315, subd. 5a</u>
<u>354.05, subd. 7</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.07, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.44, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.44, subd. 5</u>	356.58	356.47
<u>354.44, subd. 6</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>354.44, subd. 6</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>354.44, subd. 6</u>	<u>356.119, subd. 3</u>	<u>356.315, subd. 3</u>
<u>354.44</u>	356.119	356.315
<u>354.45, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.48, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.55, subd. 11</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.63, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>

<u>354A.011, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354A.026</u>	<u>356.215, subd. 4g</u>	<u>356.215, subd. 11</u>
<u>354A.105</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354A.12, subd. 1a</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354A.31, subd. 1a</u>	<u>356.371, subd. 3</u>	<u>356.46, subd. 3</u>
<u>354A.31, subd. 3</u>	356.58	356.47
<u>354A.31, subd. 4</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>354A.31, subd. 4</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>354A.31, subd. 4a</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>354A.31, subd. 4a</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>354A.34</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.01, subd. 6</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.06, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.08, subd. 5a</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.101, subd. 3</u>	356.865	356.43
<u>422A.15, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.15, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.16, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.17</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.23, subd. 12</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>423A.02, subd. 1</u>	<u>356.215, subd. 4,</u>	<u>356.215, subd. 8</u>
	clause (4)	
<u>490.121, subd. 20</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>490.121, subd. 22</u>	<u>356.119, subd. 7</u>	<u>356.315, subd. 7</u>
<u>490.124, subd. 1</u>	<u>356.119, subd. 7</u>	<u>356.315, subd. 7</u>
<u>490.124, subd. 1</u>	<u>356.119, subd. 8</u>	<u>356.315, subd. 8</u>
<u>490.124, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>

Sec. 53. [REPEALER.]

Subdivision 1. [REPEALER OF OBSOLETE PROVISIONS.] Minnesota Statutes 2000, sections 356.325; 356.35; 356.36; 356.37; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; and 356.455, are repealed.

Subd. 2. [REPEALER OF PROVISIONS REORGANIZED.] (a) Minnesota Statutes 2000, sections 356.19; 356.305; 356.306; 356.31; 356.371, subdivisions 2 and 3; 356.372; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; and 356.89, are repealed.

(b) Minnesota Statutes 2001 Supplement, sections 356.371, subdivision 1; and 356.866, are repealed.

Subd. 3. [REPEALER TO RESOLVE REVISOR NOTE.] Laws 1997, chapter 233, article 1, section 58, is repealed.

Sec. 54. [EFFECTIVE DATE.]

Sections 1 to 53 are effective July 1, 2002.

ARTICLE 11
JOINT RETIREMENT PLAN
BUILDING LEASE AUTHORITY

Section 1. Minnesota Statutes 2000, section 356.89, subdivision 3, is amended to read:

Subd. 3. [CONTRACTING PROCEDURES.] (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

- (1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;
- (2) design criteria for the exterior and site area;
- (3) performance specifications for all building systems and components to ensure quality and cost efficiencies;
- (4) conceptual floor plans for systems space;
- (5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;
- (6) mechanical and electrical requirements;
- (7) special interior features required; and
- (8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, or to a private company under contract with the state board of investment or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative

expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 2002.

ARTICLE 12
VOLUNTEER FIREFIGHTER RELIEF
ASSOCIATIONS SERVICE PENSION ELIGIBILITY

Section 1. Minnesota Statutes 2000, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service, if the bylaws or articles of incorporation of the relief association so provide. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality or nonprofit firefighting corporation may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

(d) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person is employed subsequent to retirement by the municipality or independent nonprofit firefighting corporation, whichever applies, to perform duties within the municipal fire department or corporation on a full-time basis;

(2) the governing body of the municipality or of the corporation has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.

ARTICLE 13
STUDY OF STATEWIDE VOLUNTEER
FIREFIGHTER RETIREMENT PLAN

Section 1. [STUDY OF STATEWIDE LUMP SUM VOLUNTEER FIREFIGHTER RETIREMENT PLAN; CREATION OF TASK FORCE.]

Subdivision 1. [TASK FORCE MEMBERSHIP.] (a) A statewide lump sum volunteer firefighter retirement plan study task force is created.

(b) The task force members are:

(1) four members appointed by the president of the Minnesota area relief association coalition;

(2) four members appointed by the president of the Minnesota state fire department association;

(3) four members appointed by the president of the Minnesota state fire chiefs association;

(4) four members appointed by the board of directors of the league of Minnesota cities; and

(5) the Minnesota state auditor or the auditor's designee.

(c) Appointments must be made on or before July 1, 2002. If the appointment is not made in a timely way, or if there is a vacancy, the Minnesota state auditor shall appoint the task force member or the replacement member.

(d) The chair of the task force must be elected by the members of the task force.

(e) Staffing services for the task force must be provided by the office of the state auditor.

Subd. 2. [TASK FORCE DUTIES.] (a) The task force shall conduct fact finding regarding the creation of a voluntary statewide firefighter retirement plan.

(b) To determine the design and components of the potential statewide plan, the task force shall contract with the management analysis division of the department of administration to conduct a statewide survey of current volunteer firefighter relief associations on the topic and shall conduct a series of public meetings throughout the state in which feedback from volunteer firefighter relief association members would be obtained.

(c) The task force shall determine the benefit level or levels of a potential statewide volunteer firefighter retirement plan, the funding requirements for the plan, the investment vehicle or vehicles to be utilized by the plan, the administration of the plan, the incentives needed to formulate the plan, the limitations applicable to the plan, and the state resources needed to be dedicated to the plan.

Subd. 3. [REPORT.] The task force shall prepare a report detailing its findings about a potential statewide lump sum volunteer firefighter retirement plan. The report is due on January 15, 2004, and must be filed with the legislative reference library, the chair of the legislative commission on pensions and retirement, the chair of the state and local government operations committee of the senate, the chair of the state government, economic development and the judiciary budget division of the senate finance committee, the chair of the government operations and veterans affairs policy

committee of the house of representatives, and the chair of the state government finance committee of the house of representatives.

Subd. 4. [DATA DISCLOSURE.] In performing their duties under this section, the task force, the management analysis division of the state department of administration, and the consulting actuary retained by the task force shall have access to relevant nonpublic data on volunteer firefighter relief associations held by the office of the state auditor and must comply with the relevant provisions of Minnesota Statutes, chapter 13.

Subd. 5. [APPROPRIATION.] (a) \$300,000 is appropriated for the task force from deductions from fire state aid, with \$200,000 to be deducted from the fire state aid otherwise payable during October 2002 under Minnesota Statutes, sections 69.011 to 69.051, and with \$100,000 to be deducted from the fire state aid otherwise payable during October 2003 under Minnesota Statutes, sections 69.011 to 69.051.

(b) The amount in paragraph (a) is appropriated to the state auditor for the benefit of the potential statewide lump sum volunteer firefighter retirement plan task force, conducting its study, the preparation of the actuarial cost estimates, and the preparation of its final report.

(c) Upon the completion of the study and the filing of the final report, any balance of the appropriation cancels to the fire state aid program for distribution as part of the October 2004 fire state aid.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

ARTICLE 14 ADDITIONAL CLARIFICATIONS

Section 1. [CLARIFICATION OF APPROPRIATION.]

Subdivision 1. [PURPOSE.] This section clarifies treatment extended to an individual specified in Laws 2001, chapter 169, section 5, and is intended to eliminate any potential windfall to the public employees retirement association police and fire plan fund and the public employees retirement association general employees plan fund that may result from that session law.

Subd. 2. [ELIGIBILITY.] The eligible individual is an individual specified in Laws 2001, chapter 169, section 5, who was an assistant commissioner in the department of public safety from April 30, 1994, through May 31, 1998, while on an intergovernmental mobility assignment or assignments to the state from the city of Saint Paul police department.

Subd. 3. [SALARY INCREMENT.] The salary increment in any applicable year or portion of a year is the difference between the salary the eligible individual in subdivision 2 received as assistant commissioner and the salary upon which pension contributions were made for that year or portion of a year.

Subd. 4. [BENEFIT COMPUTATIONS.] The retirement benefits, or disability benefits if applicable, under the public employees retirement association police and fire plan and the public employees retirement association general plan are to be computed based on plan law applicable to the eligible individual under subdivision 2 given the eligible individual's termination of service date or dates, or the disability benefit accrual date or dates as applicable, except for inclusion of salary increments under subdivision 3 for purposes of determining average salary under Minnesota Statutes, sections 353.29, subdivision 2, and 353.651, subdivision 2.

Subd. 5. [ANNUITY RESERVE COMPARISONS.] The executive director of the public employees retirement association is to determine the increased actuarial reserves, if any, needed to support the annuities from the two applicable public employees retirement association retirement funds on the effective date of retirement or disability from the applicable plans due to this section.

Subd. 6. [COMPARISON TO APPROPRIATION AMOUNTS.] The total amount determined

under subdivision 5, if zero or positive, is to be subtracted from the total value of any appropriation received by the public employees retirement association under Laws 2001, chapter 169, section 5, on the date computations under subdivision 5 occur assuming 8.5 percent interest compounded annually from the date the appropriation is received until the computation date under subdivision 5.

Subd. 7. [DISPOSITION OF EXCESS.] The amount determined under subdivision 6, net of the value of any foregone employer contributions including 8.5 percent interest compounded annually relating to the salary increments under subdivision 3, if any, is to be redeposited within 30 days following the date of that determination in the state's general fund.

Subd. 8. [INTERNAL ALLOCATIONS.] Notwithstanding any law to the contrary, the executive director is authorized to place amounts received, if any, due to Laws 2001, chapter 169, section 5, in the public employees retirement association general plan fund, or the public employees retirement association police and fire plan fund, or to allocate amounts between these funds as deemed appropriate. Following the determinations required by this section, the executive director may again reallocate amounts between the two funds to reflect a reasonable allocation of the remaining net appropriation amount.

Subd. 9. [CONTRIBUTION RATIFICATION.] Contributions and interest paid to the association relating to the salary increments referred to in subdivision 3 are authorized for deposit in the public employees retirement association police and fire plan fund and are ratified.

Sec. 2. [PUBLIC EMPLOYEES POLICE AND FIRE PLAN; RECISSION OF ANNUITY APPLICATION IN FAVOR OF DISABILITY BENEFIT APPLICATION.]

(a) Notwithstanding Minnesota Statutes, section 353.29, subdivision 7, or any other law to the contrary, an eligible person described in paragraph (b) may revoke an application for a retirement annuity from the public employees police and fire plan and may file an application for a disability benefit from the public employees police and fire plan, effective the first day of the month following approval of the disability application.

(b) An eligible person is a person who:

- (1) was born on August 6, 1949;
- (2) was employed for 27 years with the city of West St. Paul fire department;
- (3) terminated employment with the city of West St. Paul on January 31, 2001;
- (4) filed six "first report of injury" documents for back injuries with the city of West St. Paul between June 1984 and December 2000;
- (5) requested recision of his public employees police and fire plan retirement annuity on February 16, 2001, and tendered a personal check repaying the initial annuity amount; and
- (6) unsuccessfully appealed to the public employees retirement association board of trustees on May 10, 2001, for authority to rescind a retirement annuity application and to apply for a disability benefit.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and paid firefighter pension plan laws; providing public employee pension coverage for certain foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions

from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing the revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; authorizing a study of the creation of a voluntary statewide volunteer firefighter retirement plan; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354A.011, subdivision 27; 354A.12, subdivision 3d; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivision 2; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2001, First Special Session chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 355; 356; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement, sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Laws 1889, chapter 425; Special Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68; 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144; 153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131; 191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751;

775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60; 429, section 62; Laws 1978, chapters 563, sections 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30; 579; 648; 690, sections 9, 10; 793, section 96; Laws 1979, chapters 131, section 3; 216, sections 27, 28, 29, 30, 31, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapters 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, articles II, section 1, subdivision 8; III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters 96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws 1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapters 233, article 1, section 58, 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2."

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

Senator Metzen from the Committee on Telecommunications, Energy and Utilities, to which was referred

S.F. No. 3205: A bill for an act relating to telecommunications; creating a public telecommunication services fund; providing support for various public telecommunication networks; providing for an access fee; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Delete everything after the enacting clause and insert:

"Section 1. [237.82] [PUBLIC TELECOMMUNICATION SERVICES FUND.]

Subdivision 1. [FUND ESTABLISHED.] A public telecommunication services fund is established as an account in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the account.

Subd. 2. [LEARNING NETWORK.] Commencing in fiscal year 2004, the account shall fund the learning network of Minnesota formerly funded through the higher education services office.

The commissioner shall consult with the Minnesota education telecommunications council prior to making funding decisions under this subdivision.

Subd. 3. [TELECOMMUNICATION ACCESS REVENUE PROGRAM.] Commencing in fiscal year 2003, the account shall fund the telecommunication access revenue program under section 125B.25. If the amount available in the fund is insufficient to fund fully the program, the Minnesota education telecommunications council must allocate the amount available to enable districts or regional clusters to maintain current connections within available funding.

Subd. 4. [REGIONAL LIBRARY AID.] Commencing in fiscal year 2003, the account shall fund the regional library telecommunication aid under section 134.47. In fiscal year 2003, this amount must be \$2,000,000.

Subd. 5. [COORDINATED PLAN.] The Minnesota education telecommunications council shall develop a specific funding plan that integrates the funding authorized in subdivisions 2 to 4, consistent with the regional distribution method recommended by the permanent funding committee in the report required by the legislature. The council shall submit the plan to the education budget division chairs of the legislature by January 15, 2003. All entities receiving funding under subdivisions 2 to 4 that are eligible for federal telecommunication aid or discounts must apply for the maximum assistance available and must use the amounts or discounts received to reduce the state aid that may be necessary.

Subd. 6. [MNLINK.] The account shall fund the shortfall, if any, in fiscal year 2003 for the MnLink program formerly funded through the higher education services office.

Subd. 7. [TELEMEDICINE; HOSPITAL EMERGENCY COMMUNICATIONS.] Commencing in fiscal year 2004, the commissioner of administration shall make grants to fund a hospital emergency communications network. The initial grants may be used for hospital telecommunications equipment and connection charges. Subsequent grants are only for connection costs. Applications for the grants must be submitted by regional groups of hospitals. The commissioner must ensure the interoperability of networks among hospitals with the learning network. The commissioner shall establish an application procedure for grants and award grants with the advice of the commissioner of health and the technology enterprise board. Grants may not exceed 80 percent of the cost of the proposal. The hospital network must be redundant to the telephone network and use Internet technology. The network must be designed so that it can also be used for telemedicine and education. All entities that are eligible for federal telecommunication aid or discounts must apply for the maximum assistance available and must use the amounts or discounts received to reduce the state aid that may be necessary. Grants may be used to upgrade existing systems. The goal of the grant program is to connect all hospitals in Minnesota to one interoperable network for the sharing of information.

Subd. 8. [EMERGENCY RESPONSE NETWORK.] Commencing in fiscal year 2004, the commissioner, in collaboration with the commissioner of public safety, shall make grants for the creation and operation of an emergency response network using Internet technology that enables communication among law enforcement agencies, fire departments, fire stations, and hospitals and to the extent funds are available, other emergency response organizations. The commissioner shall consult with the technology enterprise board before awarding grants.

Subd. 9. [CONSULTATION.] The commissioner shall consult with the Minnesota education telecommunications council prior to making funding decisions related to education networks.

Subd. 10. [COST REDUCTIONS; PERFORMANCE IMPROVEMENTS.] In awarding grants from the fund, the commissioner and the technology enterprise board must attempt to obtain cost reductions and performance improvements by encouraging cooperation among education, health care, and public safety recipients of state telecommunication assistance.

Connection costs funded under this section may not be paid to a state agency unless the regional group making the application demonstrates that no other entity submitted bids to provide the connection.

Subd. 11. [FISCAL AGENT.] The commissioner of administration is the fiscal agent for funding programs under this section and is not authorized to, nor responsible for, the management or operation of those programs.

Subd. 12. [ADMINISTRATION COSTS.] Not more than \$200,000 each fiscal year may be expended from the account for paying the expenses of the commissioner of administration in administering this section.

Subd. 13. [APPROPRIATION.] Money in the fund is appropriated to the commissioner of

administration for the purposes described in this section. This appropriation terminates upon the effective date of the creation of a universal service fund by the public utilities commission or the legislature that addresses a broad range of access and affordability issues. Any administrative responsibilities under this section must be transferred to the entity responsible for administering the universal service fund."

Amend the title as follows:

Page 1, lines 4 and 5, delete "providing for an access fee;"

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

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

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

S.F. No. 2932: A bill for an act relating to the environment; encouraging citizen water quality monitoring; amending Minnesota Statutes 2000, section 115.061.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 115.06, is amended by adding a subdivision to read:

Subd. 4. [CITIZEN MONITORING OF WATER QUALITY.] (a) The agency shall encourage citizen monitoring of ambient water quality for waters of the state by:

(1) providing technical assistance, when available, to citizen and local group water quality monitoring efforts;

(2) integrating citizen monitoring data into water quality assessments and agency programs, provided that the data adheres to agency quality assurance and quality control protocols; and

(3) seeking public and private funds to:

(i) collaboratively develop clear guidelines for water quality monitoring procedures and data management practices for specific data and information uses;

(ii) distribute the guidelines to citizens, local governments, and other interested parties;

(iii) improve and expand water quality monitoring activities carried out by the agency; and

(iv) continue to improve electronic and Web access to water quality data and information about waters of the state that have been either fully or partially assessed.

(b) By January 15 of each odd-numbered year, the commissioner shall report to the senate and house of representatives committees with jurisdiction over environmental policy and finance on activities under this section."

Amend the title as follows:

Page 1, line 4, delete "115.061" and insert "115.06, by adding a subdivision"

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

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

H.F. No. 3344 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		3344	2892		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 3202 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		3202	2801		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 2629 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		2629	2913		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 3309 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		3309	3082		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 2637 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		2637	2472		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 2987 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		2987	2873		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 2899 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2899	2711				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 2612 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
2612	2562

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 1189 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
1189	1376

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 1620 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
1620	2210

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 3190 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
3190	3111

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

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

H.F. No. 2742 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2742	2757				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2742 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2742 and insert the language after the enacting clause of S.F. No. 2757, the first engrossment; further, delete the title of H.F. No. 2742 and insert the title of S.F. No. 2757, the first engrossment.

And when so amended H.F. No. 2742 will be identical to S.F. No. 2757, and further recommends that H.F. No. 2742 be given its second reading and substituted for S.F. No. 2757, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

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

H.F. No. 3274 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3274	3068				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3274 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3274 and insert the language after the enacting clause of S.F. No. 3068, the first engrossment; further, delete the title of H.F. No. 3274 and insert the title of S.F. No. 3068, the first engrossment.

And when so amended H.F. No. 3274 will be identical to S.F. No. 3068, and further recommends that H.F. No. 3274 be given its second reading and substituted for S.F. No. 3068, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 2740, 2764, 2697, 2553, 3206, 3286, 2540, 2807, 1443, 2559, 3315, 2984 and 2932 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 3344, 3202, 2629, 3309, 2637, 2987, 2899, 2612, 1189, 1620, 3190, 2742 and 3274 were read the second time.

MOTIONS AND RESOLUTIONS

Senator Kleis moved that the name of Senator Wiger be added as a co-author to S.F. No. 2612. The motion prevailed.

Senator Scheid moved that the name of Senator Wiger be added as a co-author to S.F. No. 3015. The motion prevailed.

Senator Pogemiller moved that the name of Senator Marty be added as a co-author to S.F. No. 3263. The motion prevailed.

Senator Metzen moved that S.F. No. 2976, No. 23 on General Orders, be stricken and re-referred to the Committee on Jobs, Housing and Community Development. The motion prevailed.

Senator Stumpf moved that S.F. No. 3132, No. 61 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Fowler introduced--

Senate Resolution No. 181: A Senate resolution congratulating Matthew Russ of Madelia, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senators Johnson, Doug and Tomassoni introduced--

Senate Resolution No. 182: A Senate resolution recognizing Helen Parsons for receiving a Prudential Spirit of Community Award.

Referred to the Committee on Rules and Administration.

Senator Fowler introduced--

Senate Resolution No. 183: A Senate resolution congratulating Abraham England of Wells, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Fowler introduced--

Senate Resolution No. 184: A Senate resolution congratulating Nathanael England of Wells, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Fowler introduced--

Senate Resolution No. 185: A Senate resolution congratulating Nicholas Masyga of Wells, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Fowler introduced--

Senate Resolution No. 186: A Senate resolution congratulating Christopher Kauffmann of Wells, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Senator Hottinger moved that the Senate take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

S.F. No. 2592: A bill for an act relating to insurance; authorizing the reorganization of a mutual insurance holding company into a stock company; modifying accounting provisions for certain ceding transactions; amending Minnesota Statutes 2000, sections 60A.075; 60A.09, subdivision 5.

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:

Bachmann	Johnson, Debbie	Lessard	Pappas	Scheid
Berg	Johnson, Doug	Limmer	Pariseau	Schwab
Betzold	Kelley, S.P.	Lourey	Ranum	Solon, Y.P.
Chaudhary	Kierlin	Marty	Reiter	Stevens
Cohen	Kinkel	Metzen	Rest	Stumpf
Day	Kiscaden	Moua	Ring	Tomassoni
Dille	Kleis	Murphy	Robertson	Vickerman
Fischbach	Knutson	Neuville	Robling	Wiener
Foley	Krentz	Oliver	Sabo	Wiger
Higgins	Langseth	Olson	Sams	
Hottinger	Larson	Orfield	Samuelson	
Johnson, Dean	Lesewski	Ourada	Scheevel	

So the bill passed and its title was agreed to.

S.F. No. 1072: A bill for an act relating to state government; designating the photograph "Grace" as the state photograph; proposing coding for new law in Minnesota Statutes, chapter 1.

Pursuant to Rule 25, there being at least three objectors, S.F. No. 1072 was stricken from the Consent Calendar and placed on General Orders.

S.F. No. 3189: A bill for an act relating to local government; establishing a retroactive effective date for St. Paul civil service separation.

Senator Pappas moved that S.F. No. 3189, No. 5 on the Consent Calendar, be stricken and placed on General Orders. The motion prevailed.

S.F. No. 2971: A bill for an act relating to state government; state procurement; codifying references relating to competitive bidding for building and construction contracts; amending Minnesota Statutes 2000, section 16C.25; proposing coding for new law in Minnesota Statutes, chapter 16C.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Bachmann	Day	Hottinger	Kinkel	Larson
Berg	Dille	Johnson, Dean	Kiscaden	Lesewski
Berglin	Fischbach	Johnson, Debbie	Kleis	Lessard
Betzold	Foley	Johnson, Doug	Knutson	Lourey
Chaudhary	Frederickson	Kelley, S.P.	Krentz	Marty
Cohen	Higgins	Kierlin	Langseth	Metzen

Moe, R.D.	Orfield	Rest	Samuelson	Stumpf
Moua	Ourada	Ring	Scheevel	Tomassoni
Murphy	Pappas	Robertson	Scheid	Vickerman
Neuville	Pariseau	Robling	Schwab	Wiener
Oliver	Ranum	Sabo	Solon, Y.P.	Wiger
Olson	Reiter	Sams	Stevens	

So the bill passed and its title was agreed to.

S.F. No. 3347: A bill for an act Urging Congress to ensure replacement of Indian trust land in the event of a nuclear incident at Prairie Island.

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

The question was taken on the passage of the resolution.

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

Those who voted in the affirmative were:

Bachmann	Johnson, Debbie	Limmer	Pariseau	Scheid
Berglin	Johnson, Doug	Lourey	Pogemiller	Schwab
Betzold	Kelley, S.P.	Marty	Price	Solon, Y.P.
Chaudhary	Kierlin	Metzen	Ranum	Stevens
Day	Kinkel	Moe, R.D.	Reiter	Stumpf
Dille	Kiscaden	Moua	Rest	Terwilliger
Fischbach	Kleis	Murphy	Ring	Tomassoni
Foley	Knutson	Neuville	Robertson	Vickerman
Fowler	Krentz	Oliver	Robling	Wiener
Frederickson	Langseth	Olson	Sabo	Wiger
Higgins	Larson	Orfield	Sams	
Hottinger	Lesewski	Ourada	Samuelson	
Johnson, Dean	Lessard	Pappas	Scheevel	

So the resolution passed and its title was agreed to.

S.F. No. 3109: A bill for an act relating to public safety; permitting municipal police departments to utilize black patrol vehicles; striking references to constables in the law addressing the color of police vehicles; amending Minnesota Statutes 2000, section 169.98, subdivisions 1, 1a, 1b.

Senator Betzold moved to amend S.F. No. 3109 as follows:

Page 3, after line 11, insert:

"Sec. 4. Minnesota Statutes 2000, section 169.98, subdivision 3, is amended to read:

Subd. 3. [SECURITY GUARD VEHICLE.] (a) All motor vehicles which are used by security guards in the course of their employment may have any color other than those specified in subdivision 1 for law enforcement vehicles. The identity of the security service shall be displayed on the motor vehicle as required for law enforcement vehicles.

(b) Notwithstanding subdivision 1, paragraph (a), clause (1), a security guard may continue to use a motor vehicle that is predominantly black in the course of the guard's employment if the vehicle was being used in this manner before August 1, 2002.

[EFFECTIVE DATE.] This section is effective August 1, 2002."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 3109 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 59 and nays 4, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, Debbie	Lessard	Pariseau	Scheevel
Berg	Johnson, Doug	Limmer	Pogemiller	Scheid
Berglin	Kelley, S.P.	Lourey	Price	Schwab
Betzold	Kierlin	Metzen	Ranum	Solon, Y.P.
Chaudhary	Kinkel	Moe, R.D.	Reiter	Stevens
Day	Kiscaden	Moua	Rest	Stumpf
Dille	Kleis	Murphy	Ring	Terwilliger
Fischbach	Knutson	Neuville	Robertson	Tomassoni
Frederickson	Krentz	Olson	Robling	Vickerman
Higgins	Langseth	Orfield	Sabo	Wiener
Hottinger	Larson	Ourada	Sams	Wiger
Johnson, Dean	Lesewski	Pappas	Samuelson	

Those who voted in the negative were:

Foley	Fowler	Marty	Oliver
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So the bill, as amended, was passed and its title was agreed to.

S.F. No. 3244: A bill for an act relating to evidence; authorizing electronic signature on certain laboratory blood sample reports; amending Minnesota Statutes 2000, section 634.15, subdivision 1.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Bachmann	Hottinger	Lesewski	Ourada	Samuelson
Belanger	Johnson, Dean	Lessard	Pappas	Scheid
Berg	Johnson, Debbie	Limmer	Pariseau	Schwab
Berglin	Johnson, Doug	Lourey	Pogemiller	Solon, Y.P.
Betzold	Kelley, S.P.	Marty	Price	Stevens
Chaudhary	Kierlin	Metzen	Ranum	Stumpf
Day	Kinkel	Moe, R.D.	Reiter	Terwilliger
Dille	Kiscaden	Moua	Rest	Tomassoni
Fischbach	Kleis	Murphy	Ring	Vickerman
Foley	Knutson	Neuville	Robertson	Wiener
Fowler	Krentz	Oliver	Robling	Wiger
Frederickson	Langseth	Olson	Sabo	
Higgins	Larson	Orfield	Sams	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Senator Hottinger moved that the Senate take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

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

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

S.F. Nos. 2433, 2580, 2568, 2572, 2578, 1030, 2448, 2795, 2680, 2533, 3080, 3147, 2963, 2638, 2953, 3124, 2960, 3117, 3084, 2949, 3231, 3257, 3145, 3167 and H.F. No. 58, which the committee recommends to pass.

S.F. No. 2381, which the committee recommends to pass with the following amendment offered by Senator Berglin:

Page 5, line 28, delete the new language

Page 5, delete lines 29 to 31

Page 5, line 32, delete the new language

Page 7, line 26, delete the new language

Page 7, delete lines 27 and 28

Page 7, line 29, delete the new language

Page 12, line 34, delete everything after the period

Page 12, delete lines 35 and 36

Page 13, line 2, delete "treatment" and insert "disease"

Page 17, line 11, delete everything after "thereunder"

Page 17, delete lines 12 and 13

Page 17, line 14, delete everything before the semicolon

Page 18, line 1, delete "For"

Page 18, delete lines 2 to 6

Page 18, line 28, delete "to be set" and insert "as follows:"

Page 18, delete lines 29 to 32 and insert:

"(1) for revenues no more than \$25,000, \$125;

(2) for revenues greater than \$25,000 and no more than \$100,000, \$312.50;

(3) for revenues greater than \$100,000 and no more than \$250,000, \$625;

(4) for revenues greater than \$250,000 and no more than \$350,000, \$937.50;

(5) for revenues greater than \$350,000 and no more than \$450,000, \$1,250;

(6) for revenues greater than \$450,000 and no more then \$550,000, \$1,562.50;

(7) for revenues greater than \$550,000 and no more than \$650,000, \$1,875;

(8) for revenues greater than \$650,000 and no more than \$750,000, \$2,187.50;

(9) for revenues greater then \$750,000 and no more than \$850,000, \$2,500;

(10) for revenues greater than \$850,000 and no more then \$950,000, \$2,812.50;

(11) for revenues greater than \$950,000 and no more than \$1,100,000, \$3,125;

(12) for revenues greater than \$1,100,000 and no more the \$1,275,000, \$3,750;

(13) for revenues greater than \$1,275,000 and no more than \$1,500,000, \$4,375; and

(14) for revenues greater than \$1,500,000, \$5,000."

Page 19, line 2, after "settings" insert "and make other services available, which may be provided by employees or contracted staff"

The motion prevailed. So the amendment was adopted.

S.F. No. 3026, which the committee reports progress, after the following motion:

Senator Kelley, S.P. moved to amend S.F. No. 3026 as follows:

Page 2, line 2, strike ", or Minnesota Rules, chapter 4666"

The motion prevailed. So the amendment was adopted.

S.F. No. 3026 was then progressed.

S.F. No. 2419, which the committee recommends to pass with the following amendment offered by Senator Lesewski:

Page 2, line 6, after "homes" insert "and the general public on the human services Internet Web site"

The motion prevailed. So the amendment was adopted.

S.F. No. 3331, which the committee recommends to pass with the following amendment offered by Senator Berglin:

Page 1, line 9, before "When" insert "(a)"

Page 1, line 11, before "When" insert:

"(b)"

Page 1, line 21, before "The" insert "(c)"

Page 2, delete lines 4 to 6 and insert:

"(d) A provider or its representative must not charge a fee to make copies of a patient's records if the patient or the patient's representative requests a copy of the records for purposes of applying or completing an application for a social security income or a social security disability benefits program under title II or XVI of the Social Security Act."

The motion prevailed. So the amendment was adopted.

S.F. No. 2739, which the committee reports progress, after the following motions:

Senator Metzen moved to amend S.F. No. 2739 as follows:

Page 2, line 26, delete "front door" and insert "nearest corner"

The motion prevailed. So the amendment was adopted.

Senator Metzen then moved to amend S.F. No. 2739 as follows:

Page 4, after line 16, insert:

"Sec. 8. [CITY OF COON RAPIDS; LIQUOR LICENSES.]

The city of Coon Rapids may issue six on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2739 was then progressed.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

SUSPENSION OF RULES

Senator Hottinger moved that Joint Rule 2.03 be suspended as it relates to the Committee Report on S.F. No. 3114. The motion prevailed.

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

Senator Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 21, together with the committee report thereon,

S.F. No. 3201: A bill for an act relating to general legislation; creating a task force to study the design of the state flag.

Reports the same back with the recommendation that the report from the Committee on Agriculture, General Legislation and Veterans Affairs shown in the Journal for February 21, 2002, be adopted; that committee recommendation being:

"the bill do pass and be re-referred to the Committee on State and Local Government Operations". Report adopted.

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

S.F. No. 3384: A bill for an act relating to elections; changing certain provisions of the campaign finance and public disclosure law; amending Minnesota Statutes 2000, sections 10A.01, subdivision 35; 10A.02, subdivision 11; 10A.025, subdivisions 2, 4; 10A.03, subdivision 3; 10A.04, subdivisions 4, 5, 6; 10A.08; 10A.09, subdivision 7; 10A.11, subdivision 7; 10A.12, subdivision 6; 10A.13, subdivision 1; 10A.14, subdivision 4; 10A.15, subdivision 4; 10A.16; 10A.17, subdivision 5, by adding a subdivision; 10A.18; 10A.20, subdivision 12, by adding a subdivision; 10A.25, subdivision 10; 10A.255, subdivision 1; 10A.27, subdivisions 9, 11, 13, by adding a subdivision; 10A.273, subdivisions 1, 4; 10A.28, subdivisions 1, 2, 4, by adding a subdivision; 10A.29; 10A.322, subdivision 1; 10A.323; 356A.06, subdivision 4; Minnesota Statutes 2001 Supplement, section 10A.31, subdivision 7.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 10A.01, subdivision 35, is amended to read:

Subd. 35. [PUBLIC OFFICIAL.] "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the office of senate counsel and research or house research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the state board of investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the workers' compensation court of appeals;

(11) administrative law judge or compensation judge in the state office of administrative hearings or referee in the department of economic security;

(12) member, regional administrator, division director, general counsel, or operations manager of the metropolitan council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the division of alcohol and gambling enforcement in the department of public safety;

(15) member or executive director of the higher education facilities authority;

(16) member of the board of directors or president of Minnesota Technology, Inc.; or

(17) member of the board of directors or executive director of the Minnesota state high school league.

Sec. 2. Minnesota Statutes 2000, section 10A.02, subdivision 11, is amended to read:

Subd. 11. [VIOLATIONS; ENFORCEMENT.] (a) The board may investigate any alleged violation of this chapter. The board must investigate any violation that is alleged in a written complaint filed with the board and must within 30 days after the filing of the complaint make a public finding of whether there is probable cause to believe a violation has occurred, except that if the complaint alleges a violation of section 10A.25 or 10A.27, the board must either enter a conciliation agreement or make a public finding of whether there is probable cause, within 60 days after the filing of the complaint. The deadline for action on a written complaint may be extended by majority vote of the board.

(b) Within a reasonable time after beginning an investigation of an individual or association, the board must notify the individual or association of the fact of the investigation. The board must not make a finding of whether there is probable cause to believe a violation has occurred without notifying the individual or association of the nature of the allegations and affording an opportunity to answer those allegations.

(c) A hearing or action of the board concerning a complaint or investigation other than a finding concerning probable cause or a conciliation agreement is confidential. Until the board makes a public finding concerning probable cause or enters a conciliation agreement:

(1) a member, employee, or agent of the board must not disclose to an individual information obtained by that member, employee, or agent concerning a complaint or investigation except as required to carry out the investigation or take action in the matter as authorized by this chapter; and

(2) an individual who discloses information contrary to this subdivision is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

~~(d) Except as provided in section 10A.28, after the board makes a public finding of probable cause the board must report that finding to the appropriate law enforcement authorities.~~

Sec. 3. Minnesota Statutes 2000, section 10A.025, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FALSE STATEMENTS.] A report or statement required to be filed under this chapter must be signed and certified as true by the individual required to file the report. An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 4. Minnesota Statutes 2000, section 10A.025, subdivision 4, is amended to read:

Subd. 4. [CHANGES AND CORRECTIONS.] Material changes in information previously submitted and corrections to a report or statement must be reported in writing to the board within ten days following the date of the event prompting the change or the date upon which the person filing became aware of the inaccuracy. The change or correction must identify the form and the paragraph containing the information to be changed or corrected.

A person who willfully fails to report a material change or correction is guilty of a gross misdemeanor. The board must send a notice by certified mail to any individual who fails to file a report required by this subdivision. If the individual fails to file the required report within ten business days after the notice was sent, the board may impose a late filing fee of \$5 per day up to \$100 starting on the 11th day after the notice was sent. The board must send an additional notice by certified mail to an individual who fails to file a report within 14 days after the first notice was sent by the board that the individual may be subject to a civil penalty for failure to file a report. An individual who fails to file a report required by this subdivision within seven days after the second notice was sent by the board is subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 5. Minnesota Statutes 2000, section 10A.03, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO FILE.] ~~The board must notify send a notice by certified mail or personal service to any lobbyist who fails to file a registration form within five days after becoming a lobbyist. If a lobbyist fails to file a form within seven ten business days after receiving this the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with starting on the eighth 11th day after receiving the notice was sent. The board must further notify send an additional notice by certified mail or personal service any to a lobbyist who fails to file a form within 21 14 days of receiving a after the first notice was sent by the board that the lobbyist may be subject to a eriminal civil penalty for failure to file the form. A lobbyist who knowingly fails to file a form within seven days after receiving a the second notice from was sent by the board is guilty of a misdemeanor subject to a civil penalty imposed by the board of up to \$3,000.~~

Sec. 6. Minnesota Statutes 2000, section 10A.04, subdivision 4, is amended to read:

Subd. 4. [CONTENT.] (a) A report under this section must include information the board requires from the registration form and the information required by this subdivision for the reporting period.

(b) A lobbyist must report the lobbyist's total disbursements on lobbying, separately listing lobbying to influence legislative action, lobbying to influence administrative action, and lobbying to influence the official actions of a metropolitan governmental unit, and a breakdown of disbursements for each of those kinds of lobbying into categories specified by the board, including

but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.

(c) A lobbyist must report the amount and nature of each gift, item, or benefit, excluding contributions to a candidate, equal in value to \$5 or more, given or paid to any official, as defined in section 10A.071, subdivision 1, by the lobbyist or an employer or employee of the lobbyist. The list must include the name and address of each official to whom the gift, item, or benefit was given or paid and the date it was given or paid.

(d) ~~Each~~ A lobbyist must report each original source of money in excess of \$500 in any year used for the purpose of lobbying to influence legislative action, administrative action, or the official action of a metropolitan governmental unit. The list must include the name, address, and employer, or, if self-employed, the occupation and principal place of business, of each payer of money in excess of \$500.

(e) On the report due April 15, the lobbyist must provide a general description of the subjects lobbied in the previous 12 months.

Sec. 7. Minnesota Statutes 2000, section 10A.04, subdivision 5, is amended to read:

Subd. 5. [LATE FILING.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any lobbyist or principal who fails after seven days after a filing date imposed by this section to file a report or statement required by this section. If a lobbyist or principal fails to file a report within seven ten business days after ~~receiving this~~ the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the eighth 11th day after ~~receiving the notice was sent~~. The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to any lobbyist or principal who fails to file a report within ~~21~~ 14 days after ~~receiving a~~ the first notice was sent by the board that the lobbyist or principal may be subject to a ~~criminal~~ civil penalty for failure to file the report. A lobbyist or principal who ~~knowingly~~ fails to file ~~such~~ a report or statement within seven days after ~~receiving a~~ the second notice from was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 8. Minnesota Statutes 2000, section 10A.04, subdivision 6, is amended to read:

Subd. 6. [PRINCIPAL REPORTS.] (a) A principal must report to the board as required in this subdivision by March 15 for the preceding calendar year.

(b) The principal must report ~~which of the following categories includes~~ the total amount, rounded to the nearest ~~dollar~~ \$20,000, spent by the principal during the preceding calendar year to influence legislative action, administrative action, and the official action of metropolitan governmental units:

- (1) ~~\$501 to \$50,000;~~
- (2) ~~\$50,001 to \$150,000; or~~
- (3) ~~\$150,001 to \$250,000.~~

(c) ~~Beyond \$250,000, each additional \$250,000 constitutes an additional category, and each principal must report which of the categories includes the total amount spent by the principal for the purposes provided in this subdivision.~~

(d) The principal must report under this subdivision a total amount that includes:

- (1) all direct payments by the principal to lobbyists in this state;
- (2) all expenditures for advertising, mailing, research, analysis, compilation and dissemination of information, and public relations campaigns related to legislative action, administrative action, or the official action of metropolitan governmental units in this state; and

(3) all salaries and administrative expenses attributable to activities of the principal relating to efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units in this state.

Sec. 9. Minnesota Statutes 2000, section 10A.08, is amended to read:

10A.08 [REPRESENTATION DISCLOSURE.]

A public official who represents a client for a fee before an individual, board, commission, or agency that has rulemaking authority in a hearing conducted under chapter 14, must disclose the official's participation in the action to the board within 14 days after the appearance. The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any public official who fails to disclose the participation within 14 days after the appearance. If the public official fails to disclose the participation within ~~seven~~ ten business days ~~of this~~ after the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, ~~commencing starting on the eighth~~ 11th day after ~~receiving the notice was sent~~.

Sec. 10. Minnesota Statutes 2000, section 10A.09, subdivision 7, is amended to read:

Subd. 7. [LATE FILING.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any individual who fails within the prescribed time to file a statement of economic interest required by this section. If an individual fails to file a statement within ~~seven~~ ten business days after ~~receiving this~~ the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing on the ~~eighth~~ 11th day after ~~receiving the notice was sent~~. The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to any individual who fails to file a statement within ~~21~~ 14 days after ~~receiving a~~ the first notice was sent by the board that the individual may be subject to a ~~criminal~~ civil penalty for failure to file a statement. An individual who fails to file a statement within seven days after a ~~the~~ second notice was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board up to \$3,000.

Sec. 11. Minnesota Statutes 2000, section 10A.11, subdivision 7, is amended to read:

Subd. 7. [PENALTY.] A person who knowingly violates this section is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 12. Minnesota Statutes 2000, section 10A.12, subdivision 6, is amended to read:

Subd. 6. [PENALTY.] A person who knowingly violates this section is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 13. Minnesota Statutes 2000, section 10A.13, subdivision 1, is amended to read:

Subdivision 1. [ACCOUNTS; PENALTY.] The treasurer of a political committee, political fund, principal campaign committee, or party unit must keep an account of:

(1) the sum of all contributions, except any donation in kind valued at \$20 or less, made to the committee, fund, or party unit;

(2) the name and address of each source of a contribution made to the committee, fund, or party unit in excess of \$20, together with the date and amount of each;

(3) each expenditure made by the committee, fund, or party unit, together with the date and amount;

(4) each approved expenditure made on behalf of the committee, fund, or party unit, together with the date and amount; and

(5) the name and address of each political committee, political fund, principal campaign committee, or party unit to which contributions in excess of \$20 have been made, together with the date and amount.

Any individual who knowingly violates this subdivision is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 14. Minnesota Statutes 2000, section 10A.14, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO FILE; PENALTY.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any individual who fails to file a statement required by this section. If ~~an~~ the individual fails to file a statement within ~~seven~~ ten business days after ~~receiving a~~ the notice ~~was sent~~, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the ~~eighth~~ 11th day after ~~receiving the~~ notice was sent.

The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to any individual who fails to file a statement within ~~21~~ 14 days after ~~receiving a~~ the first notice ~~was sent by the board that such~~ the individual may be subject to a ~~criminal~~ civil penalty for failure to file the report. An individual who knowingly fails to file the statement within seven days after ~~receiving a~~ the second notice ~~from~~ was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 15. Minnesota Statutes 2000, section 10A.15, subdivision 4, is amended to read:

Subd. 4. [PENALTY.] An individual violating this section is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 16. Minnesota Statutes 2000, section 10A.16, is amended to read:

10A.16 [EARMARKING CONTRIBUTIONS PROHIBITED.]

An individual, political committee, political fund, principal campaign committee, or party unit may not solicit or accept a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate other than the initial recipient. An individual, political committee, political fund, principal campaign committee, or party unit that knowingly accepts any earmarked contribution is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 17. Minnesota Statutes 2000, section 10A.17, is amended by adding a subdivision to read:

Subd. 3a. [PERSONAL LOANS.] A principal campaign committee, political committee, political fund, or party unit may not lend money it has raised to anyone for purposes not related to the conduct of the campaign.

Sec. 18. Minnesota Statutes 2000, section 10A.17, subdivision 5, is amended to read:

Subd. 5. [PENALTY.] A person who knowingly violates subdivision 2 is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000. A person who knowingly violates subdivision ~~3a~~ or 4 or falsely claims that an expenditure was an independent expenditure, is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 19. Minnesota Statutes 2000, section 10A.18, is amended to read:

10A.18 [TIME FOR RENDERING BILLS, CHARGES, OR CLAIMS; PENALTY.]

A person who has a bill, charge, or claim against a political committee, political fund, principal campaign committee, or party unit for an expenditure must render in writing to the treasurer of the committee, fund, or party unit the bill, charge, or claim within 60 days after the material or service is provided. ~~Violation of~~ A person who violates this section is a ~~misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 20. Minnesota Statutes 2000, section 10A.20, is amended by adding a subdivision to read:

Subd. 1a. [IF TREASURER POSITION IS VACANT.] If the position of treasurer of a principal campaign committee, political committee, political fund, or party unit is vacant, the

candidate, chair of a political committee or party unit, or association officer of a political fund is responsible for filing reports required by this section.

Sec. 21. Minnesota Statutes 2000, section 10A.20, subdivision 12, is amended to read:

Subd. 12. [FAILURE TO FILE; PENALTY.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ an to any individual who fails to file a statement required by this section. If an individual fails to file a statement due January 31 within ~~seven~~ ten business days after ~~receiving~~ the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing ~~on~~ with the eighth ~~11th~~ day after ~~receiving~~ the notice was sent.

If an individual fails to file a statement due before a primary or election within three days after the date due, regardless of whether the individual has received any notice, the board may impose a late filing fee of \$50 per day, not to exceed \$500, commencing on the fourth day after the date the statement was due.

The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to an individual who fails to file a statement within 14 days after ~~receiving~~ a the first notice from was sent by the board that the individual may be subject to a ~~criminal~~ civil penalty for failure to file a statement. An individual who ~~knowingly~~ fails to file the statement within seven days after ~~receiving~~ a the second notice from was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 22. Minnesota Statutes 2000, section 10A.20, is amended by adding a subdivision to read:

Subd. 15. [EQUITABLE RELIEF.] A candidate whose opponent does not timely file the report due 15 days before the primary, the report due ten days before the general election, or the report required under section 10A.25, subdivision 10, may petition the district court for immediate equitable relief to enforce the filing requirement. A prevailing party under this subdivision may be awarded attorney fees and costs by the court.

Sec. 23. Minnesota Statutes 2000, section 10A.25, subdivision 10, is amended to read:

Subd. 10. [EFFECT OF OPPONENT'S CONDUCT.] (a) After the deadline for filing a spending limit agreement under section 10A.322, a candidate who has agreed to be bound by the expenditure limits imposed by this section as a condition of receiving a public subsidy for the candidate's campaign is may choose to be released from the expenditure limits but remains remain eligible to receive a public subsidy if the candidate has an opponent who does has not agree agreed to be bound by the limits and receives has received contributions or makes made or becomes become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to ten days the close of the reporting period before the primary election, receipts or expenditures equal to 20 percent of the expenditure limit for that office as set forth in subdivision 2; or

(2) after ten days the close of the reporting period before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in the primary election.

(b) A candidate who has not agreed to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a), clause (2). The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a), clause (2).

(c) Upon receipt of the notice, the a candidate who had agreed to be bound by the limits is may

file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the state canvassing board has declared the results of the state primary.

(d) A candidate who has agreed to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits but remains eligible to receive a public subsidy.

Sec. 24. Minnesota Statutes 2000, section 10A.255, subdivision 1, is amended to read:

Subdivision 1. [METHOD OF CALCULATION.] The dollar amounts in section 10A.25, subdivision 2, must be adjusted for general election years as provided in this section. Each general election year, the executive director of the board must determine the percentage increase in the consumer price index from December of the year preceding the last general election year to December of the year preceding the year in which the determination is made. The dollar amounts used for the preceding general election year must be multiplied by that percentage. The product of the calculation must be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product must be rounded up to the next highest \$10 \$100 increment. The index used must be the revised consumer price index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

Sec. 25. Minnesota Statutes 2000, section 10A.27, is amended by adding a subdivision to read:

Subd. 1a. [PROHIBITION AGAINST MAKING EXCESSIVE CONTRIBUTIONS; PENALTY.] A political committee or political fund must not make aggregate contributions to a candidate's principal campaign committee in excess of the limits in subdivision 1. A committee or fund that violates this subdivision is subject to a civil fine up to four times the amount by which the contribution exceeded the limit.

Sec. 26. Minnesota Statutes 2000, section 10A.27, subdivision 9, is amended to read:

Subd. 9. [CONTRIBUTIONS TO AND FROM OTHER CANDIDATES.] (a) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from another candidate's principal campaign committee or from any other committee bearing the contributing candidate's name or title or otherwise authorized by the contributing candidate, unless the contributing candidate's principal campaign committee is being dissolved. A candidate's principal campaign committee must not make a contribution to another candidate's principal campaign committee, except when the contributing committee is being dissolved.

(b) A candidate's principal campaign committee must not accept a contribution from, or make a contribution to, a committee associated with a person who seeks nomination or election to the office of President, Senator, or Representative in Congress of the United States.

(c) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from a candidate for political subdivision office in any state, unless the contribution is from the personal funds of the candidate for political subdivision office. A candidate or the treasurer of a candidate's principal campaign committee must not make a contribution from the principal campaign committee to a candidate for political subdivision office in any state.

(d) A contribution from a dissolving principal campaign committee is subject to the same limitations as are imposed on a political committee by subdivisions 1 and 11 and section 10A.273.

Sec. 27. Minnesota Statutes 2000, section 10A.27, subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS FROM CERTAIN TYPES OF CONTRIBUTORS.] A candidate must not permit the candidate's principal campaign committee to accept a contribution from a political committee, political fund, lobbyist, or large contributor, if the contribution will cause the aggregate contributions from those types of contributors to exceed an amount equal to 20 percent of the expenditure limits for the office sought by the candidate, provided that the 20

percent limit must be rounded to the nearest \$100. For purposes of this subdivision, "large contributor" means an individual, other than the candidate, who contributes an amount that is more than \$100 and more than one-half the amount an individual may contribute.

Sec. 28. Minnesota Statutes 2000, section 10A.27, subdivision 13, is amended to read:

Subd. 13. [UNREGISTERED ASSOCIATION LIMIT; STATEMENT; PENALTY.] (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must not accept a contribution of more than \$100 from an association not registered under this chapter unless the contribution is accompanied by a written statement that meets the disclosure and reporting period requirements imposed by section 10A.20. This statement must be certified as true and correct by an officer of the contributing association. The committee, fund, or party unit that accepts the contribution must include a copy of the statement with the report that discloses the contribution to the board. This subdivision does not apply when a national political party contributes money to its affiliate in this state.

(b) An unregistered association may provide the written statement required by this subdivision to no more than three committees, funds, or party units in a calendar year. Each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An unregistered association or an officer of it is subject to a civil penalty ~~up to \$1,000~~ imposed by the board of up to \$3,000, if the association or its officer:

(1) fails to provide a written statement as required by this subdivision; or

(2) fails to register after giving the written statement required by this subdivision to more than three committees, funds, or party units in a calendar year.

~~An officer of an association who violates this paragraph is guilty of a misdemeanor.~~

(c) The treasurer of a political committee, political fund, principal campaign committee, or party unit who accepts a contribution in excess of \$100 from an unregistered association without the required written disclosure statement is subject to a civil penalty up to four times the amount in excess of \$100.

Sec. 29. Minnesota Statutes 2000, section 10A.273, subdivision 1, is amended to read:

Subdivision 1. [CONTRIBUTIONS DURING LEGISLATIVE SESSION.] (a) A candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature, must not solicit or accept a contribution from a registered lobbyist, political committee, or political fund, or from a party unit established by the party organization within a house of the legislature, during a regular session of the legislature.

(b) A registered lobbyist, political committee, or political fund, or a party unit established by the party organization within a house of the legislature, must not make a contribution to a candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature during a regular session of the legislature.

Sec. 30. Minnesota Statutes 2000, section 10A.273, subdivision 4, is amended to read:

Subd. 4. [CIVIL PENALTY.] A candidate, political committee, ~~or party unit, political fund, or registered lobbyist~~ that violates this section is subject to a civil ~~fine of up to \$500~~ penalty imposed by the board of up to \$3,000. If the board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the district court of Ramsey county, to collect a civil ~~fine~~ penalty as imposed by the board. ~~Fines~~ Penalties paid under this section must be deposited in the general fund in the state treasury.

Sec. 31. Minnesota Statutes 2000, section 10A.28, subdivision 1, is amended to read:

Subdivision 1. [EXCEEDING EXPENDITURE LIMITS.] A candidate subject to the expenditure limits in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25, as adjusted by section 10A.255, is subject to a civil ~~fine~~ penalty up to four times the amount by which the expenditures exceeded the limit.

Sec. 32. Minnesota Statutes 2000, section 10A.28, subdivision 2, is amended to read:

Subd. 2. [EXCEEDING CONTRIBUTION LIMITS.] A candidate who permits the candidate's principal campaign committee to accept contributions in excess of the limits imposed by section 10A.27 is subject to a civil ~~fine~~ penalty of up to four times the amount by which the contribution exceeded the limits.

Sec. 33. Minnesota Statutes 2000, section 10A.28, subdivision 4, is amended to read:

Subd. 4. [CIVIL ACTION.] If the board is unable after a reasonable time to correct by informal methods a matter that constitutes probable cause to believe that excess expenditures have been made or excess contributions accepted contrary to subdivision 1 or 2, the board must make a public finding of probable cause in the matter. After making a public finding, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the district court of Ramsey county or, in the case of a legislative candidate, the district court of a county within the legislative district, to collect a civil ~~fine~~ penalty as imposed by the board under subdivision 1 or 2. All money recovered under this section must be deposited in the general fund of the state treasury.

Sec. 34. Minnesota Statutes 2000, section 10A.28, is amended by adding a subdivision to read:

Subd. 5. [PENALTY FOR CONTRIBUTION TO OTHER COMMITTEE WITHOUT TERMINATING.] (a) A principal campaign committee that makes a contribution to another principal campaign committee must provide with the contribution a written statement of the committee's intent to dissolve and terminate its registration within 12 months after the contribution was made. If the committee fails to dissolve and terminate its registration by that time, the board may levy a civil penalty up to four times the size of the contribution against the contributing committee.

(b) A contribution from a terminating principal campaign committee that is not accepted by another principal campaign committee must be forwarded to the board for deposit in the general account of the state elections campaign fund.

Sec. 35. Minnesota Statutes 2000, section 10A.29, is amended to read:

10A.29 [CIRCUMVENTION PROHIBITED.]

~~Any attempt by~~ An individual or association that attempts to circumvent this chapter by redirecting a contribution through, or making a contribution on behalf of, another individual or association is a ~~gross misdemeanor~~ subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 36. Minnesota Statutes 2001 Supplement, section 10A.31, subdivision 7, is amended to read:

Subd. 7. [DISTRIBUTION OF GENERAL ACCOUNT.] (a) As soon as the board has obtained the results of the primary election from the secretary of state, but no later than one week after certification of the primary results by the state canvassing board, the board must distribute the available money in the general account, as certified by the commissioner of revenue on September 1 and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

- (1) have signed a spending limit agreement under section 10A.322;
- (2) have filed the affidavit of contributions required by section 10A.323; and

- (3) ~~have filed the agreement required under paragraph (c); and~~
 (4) were opposed in either the primary election or the general election.

(b) The public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

(c) ~~No later than one week after the primary results have been certified by the state canvassing board, a candidate wishing to receive money distributed by the board under this subdivision must execute and file an agreement with the board. The agreement must provide that:~~

~~(1) if the A candidate does not must expend or promise to disburse become obligated to expend at least an amount equal to 50 percent of the money distributed by the board under this subdivision no later than the end of the final reporting period preceding the general election, then. Otherwise, the candidate agrees to must repay to the board the remainder of the money the difference between the amount the candidate spent or became obligated to spend by the deadline and the amount distributed to the candidate under this subdivision. The candidate must make the repayment no later than six months following the date of the general election; and~~

~~(2). The candidate agrees to must reimburse the board for all reasonable costs, including litigation costs, incurred in collecting any amount due following that date.~~

If the board determines that a candidate has failed to repay money as required by ~~an agreement under this subdivision paragraph~~, the board may not distribute any additional money to the candidate ~~under this subdivision until the entirety of the unexpended money is repaid or discharged~~ repayment has been made.

Sec. 37. Minnesota Statutes 2000, section 10A.322, subdivision 1, is amended to read:

Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy, a candidate must sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; 10A.31, subdivision 7, paragraph (c); and 10A.324; and that the candidate's principal campaign committee will not make independent expenditures on behalf of or against another candidate.

(b) Before the first day of filing for office, the board must forward agreement forms to all filing officers. The board must also provide agreement forms to candidates on request at any time. The candidate must file the agreement with the board by September 1 preceding the candidate's general election or a special election held at the general election. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board must notify the commissioner of revenue of any agreement signed under this subdivision.

(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office.

Sec. 38. Minnesota Statutes 2000, section 10A.323, is amended to read:

10A.323 [AFFIDAVIT OF CONTRIBUTIONS.]

In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must file an affidavit with the board

stating that during that calendar year the candidate has accumulated contributions from persons eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor:

- (1) candidates for governor and lieutenant governor running together, \$35,000;
- (2) candidates for attorney general, \$15,000;
- (3) candidates for secretary of state and state auditor, separately, \$6,000;
- (4) candidates for the senate, \$3,000; and
- (5) candidates for the house of representatives, \$1,500.

The affidavit must state the total amount of contributions that have been received from persons eligible to vote in this state, disregarding the portion of any contribution in excess of \$50.

The candidate or the candidate's treasurer must submit the affidavit required by this section to the board in writing by September 1 of the general election year ~~to receive the payment made following the primary election and by November 1 to receive the payment made following the general election.~~

A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must submit the affidavit required by this section to the board within five days after filing the affidavit of candidacy.

Sec. 39. Minnesota Statutes 2000, section 356A.06, subdivision 4, is amended to read:

Subd. 4. [ECONOMIC INTEREST STATEMENT.] (a) Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest.

(b) For a covered pension plan other than a plan specified in paragraph (c), the statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

(c) For a covered pension plan governed by sections 69.771 to 69.776 or a covered pension plan governed by section 69.77 with assets under \$8,000,000, the statement must contain the following:

- (1) the person's principal occupation and principal place of business;
- (2) whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and
- (3) any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest.

(d) The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan.

(e) A disclosure form meeting the requirements of the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and filed with the state board of investment or the pension plan meets the requirements of this subdivision.

(f) The chief administrative officer of each covered pension plan, by January 15, annually, shall transmit a ~~copy~~ certified listing of all individuals who have filed statements of economic interest ~~received by with the plan under this subdivision during the preceding 12 months to the campaign finance and public disclosure board.~~

Sec. 40. [TRANSITION.]

A candidate who signed and filed with the campaign finance and public disclosure board a spending limit agreement for the election cycle ending December 31, 2002, before the effective date of this act is governed by the provisions of Minnesota Statutes 2000, section 10A.31, subdivision 7, as they existed before the amendments made by Laws 2001, First Special Session chapter 10, article 18, section 2, and this act, until the candidate signs a new spending limit agreement after the effective date of this act.

Sec. 41. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 12, delete "a subdivision" and insert "subdivisions"

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

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

S.F. No. 3246: A bill for an act relating to trade practices; limiting unsolicited telephone calls to certain individuals; proposing coding for new law in Minnesota Statutes, chapter 325E.

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

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2000, section 237.081, subdivision 4, is amended to read:

Subd. 4. [ESTABLISHMENT OF RATE AND PRICE.] (a) Whenever the commission finds, after a proceeding under subdivision 2, that (1) a service that can be reasonably demanded cannot be obtained, (2) that any rate, toll, tariff, charge, or schedule, or any regulation, measurement, practice, act, or omission affecting or relating to the production, transmission, delivery, or furnishing of telephone service or any service in connection with telephone service, is in any respect unreasonable, insufficient, or unjustly discriminatory, or (3) that any service is inadequate, the commission shall make an order respecting the tariff, regulation, act, omission, practice, or service that is just and reasonable and, if applicable, shall establish just and reasonable rates and prices.

(b) Included within the authority existing under paragraph (a) for the commission to issue any order remedying inadequate or discriminatory service or practice is the authority to impose self-executing or automatic remedies and penalties."

Page 2, line 2, after the first "of" insert "establishing a business relationship with, or"

Page 2, line 12, delete "or" and insert:

"(3) resulting from a referral by a personal acquaintance of the residential subscriber;"

Page 2, line 13, delete "(3)" and insert "(4)"

Page 2, line 15, before the period, insert "; or

(5) by a person soliciting without the intent to complete, and who does not in fact complete, the sales presentation during the call, but who will complete the sales presentation at a later face-to-face meeting between the solicitor who makes the call and the prospective purchaser"

Page 2, line 25, delete everything after "identity"

Page 2, line 26, delete "of the caller" and after "call" insert "and, if requested, the caller's telephone number"

Page 3, line 36, after "FEES" insert "; ACQUISITION AND USE OF LIST"

Page 4, line 1, before "A" insert "(a)"

Page 4, line 5, after the period, insert:

"(b)"

Page 4, line 8, delete "180" and insert "185"

Page 4, line 9, after the period, insert "A caller who complies with this requirement is not liable for any violation of section 325E.312 relating to a solicitation made to a subscriber during the first 30 days after the caller first obtains a copy of a list that includes the subscriber's telephone number."

Page 4, line 21, delete "\$2,000" and insert "\$1,000"

Page 4, delete lines 23 to 27

Page 4, line 28, delete "3" and insert "2"

Page 4, line 36, delete "4" and insert "3"

Page 5, line 7, delete "5" and insert "4"

Page 5, line 12, delete "6" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing certain enforcement authority to the public utilities commission;"

Page 1, line 3, after the semicolon, insert "amending Minnesota Statutes 2000, section 237.081, subdivision 4;"

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

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

S.F. No. 3114: A bill for an act relating to child support; permitting the issuance of a limited license under certain circumstances to a person whose driver's license is suspended for nonpayment of support; clarifying requirements relating to payment agreements; amending Minnesota Statutes 2000, sections 171.186, subdivisions 1, 3, by adding a subdivision; 171.30, subdivision 1; 518.551, subdivisions 12, 13, 14, 15; 518.553.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 171.186, subdivision 1, is amended to read:

Subdivision 1. [SUSPENSION.] The commissioner shall suspend a person's driver's license or operating privileges without a hearing upon receipt of a court order or notice from a public authority responsible for child support enforcement that states that the driver is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, and is not in compliance with a written payment agreement regarding both current support and arrearages pursuant to section 518.553 that is approved by a court, a child support magistrate, or the public authority responsible for child support enforcement, in accordance with section 518.551, subdivision 13.

Sec. 2. Minnesota Statutes 2000, section 171.186, subdivision 3, is amended to read:

Subd. 3. [DURATION.] A license or operating privilege must remain suspended and may not be reinstated, nor may a license be subsequently issued to the person, until the commissioner receives notice from the court, a child support magistrate, or public authority responsible for child support enforcement that the person is in compliance with all current orders of support or written payment agreements regarding both current support and arrearages pursuant to section 518.553. A fee may not be assessed for reinstatement of a license under this section unless the person whose license was suspended under this section has obtained a limited license during the period of suspension.

Sec. 3. Minnesota Statutes 2000, section 171.186, is amended by adding a subdivision to read:

Subd. 4. [LIMITED LICENSE.] (a) Notwithstanding subdivision 3, the commissioner may issue a limited license to a person whose license has been suspended under this section if the person qualifies for a limited license under section 171.30.

(b) A limited license issued to a person under this subdivision must expire 90 days after the date it is issued.

Sec. 4. Minnesota Statutes 2000, section 171.20, subdivision 4, is amended to read:

Subd. 4. [REINSTATEMENT FEE.] Before the license is reinstated, (1) a person whose driver's license has been suspended under section 171.16, subdivision 2; 171.18, except subdivision 1, clause (10); or 171.182, or who has been disqualified from holding a commercial driver's license under section 171.165, and (2) a person whose driver's license has been suspended under section 171.186 and who is not exempt from such a fee must pay a fee of \$20. When fees are collected by a licensing agent appointed under section 171.061, a handling charge is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement fee and surcharge must be deposited in an approved state depository as directed under section 171.061, subdivision 4. A suspension may be rescinded without fee for good cause.

Sec. 5. Minnesota Statutes 2000, section 171.30, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS OF ISSUANCE.] (a) In any case where a person's license has been suspended under section 171.18 ~~or~~, 171.173, or 171.186, or revoked under section 169.792, 169.797, 169A.52, 169A.54, 171.17, or 171.172, the commissioner may issue a limited license to the driver including under the following conditions:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a post-secondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

(b) The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

(c) For purposes of this subdivision, "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents.

(d) The limited license issued by the commissioner shall clearly indicate the limitations

imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

(e) In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

(f) If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(g) The limited license issued by the commissioner to a person under section 171.186, subdivision 4, must expire 90 days after the date it is issued. The commissioner must not issue a limited license to a person who previously has been issued a limited license under section 171.186, subdivision 4.

Sec. 6. Minnesota Statutes 2000, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] (a) Upon motion of an obligee, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state, county, or municipal agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment agreement ~~regarding both current support and arrearages pursuant to section 518.553~~ that is approved by the court, a child support magistrate, or the public authority, the court shall direct the licensing board or other licensing agency to suspend the license under section 214.101. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement ~~regarding both current support and arrearages pursuant to section 518.553~~. The payment agreement must be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written payment agreement ~~regarding both current support and arrearages pursuant to section 518.553~~ after the 90 days expires, the court's order becomes effective. If the obligor is a licensed attorney, the court shall report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

(b) If a public authority responsible for child support enforcement finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state, county, or municipal agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment agreement ~~regarding both current support and arrearages pursuant to section 518.553~~ that is approved by the court, a child support magistrate, or the public authority, the court or the public authority shall direct the licensing board or other licensing agency to suspend the license under section 214.101. If the obligor is a licensed attorney, the public authority may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the public authority.

(c) At least 90 days before notifying a licensing authority or the lawyers professional responsibility board under paragraph (b), the public authority shall mail a written notice to the license holder addressed to the license holder's last known address that the public authority intends to seek license suspension under this subdivision and that the license holder must request a hearing within 30 days in order to contest the suspension. If the license holder makes a written request for a hearing within 30 days of the date of the notice, a court hearing or a hearing under

section 484.702 must be held. Notwithstanding any law to the contrary, the license holder must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the license holder. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice, and the obligor does not execute a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the public authority within 90 days of the date of the notice, the public authority shall direct the licensing board or other licensing agency to suspend the obligor's license under paragraph (b), or shall report the matter to the lawyers professional responsibility board.

(d) The public authority or the court shall notify the lawyers professional responsibility board for appropriate action in accordance with the rules of professional responsibility conduct or order the licensing board or licensing agency to suspend the license if the judge finds that:

(1) the person is licensed by a licensing board or other state agency that issues an occupational license;

(2) the person has not made full payment of arrearages found to be due by the public authority; and

(3) the person has not executed or is not in compliance with a payment plan approved by the court, a child support magistrate, or the public authority.

(e) Within 15 days of the date on which the obligor either makes full payment of arrearages found to be due by the court or public authority or executes and initiates good faith compliance with a written payment plan approved by the court, a child support magistrate, or the public authority, the court, a child support magistrate, or the public authority responsible for child support enforcement shall notify the licensing board or licensing agency or the lawyers professional responsibility board that the obligor is no longer ineligible for license issuance, reinstatement, or renewal under this subdivision.

(f) In addition to the criteria established under this section for the suspension of an obligor's occupational license, a court, a child support magistrate, or the public authority may direct the licensing board or other licensing agency to suspend the license of a party who has failed, after receiving notice, to comply with a subpoena relating to a paternity or child support proceeding. Notice to an obligor of intent to suspend must be served by first class mail at the obligor's last known address. The notice must inform the obligor of the right to request a hearing. If the obligor makes a written request within ten days of the date of the hearing, a hearing must be held. At the hearing, the only issues to be considered are mistake of fact and whether the obligor received the subpoena.

(g) The license of an obligor who fails to remain in compliance with an approved payment agreement may be suspended. Notice to the obligor of an intent to suspend under this paragraph must be served by first class mail at the obligor's last known address and must include a notice of hearing. The notice must be served upon the obligor not less than ten days before the date of the hearing. If the obligor appears at the hearing and the judge determines that the obligor has failed to comply with an approved payment agreement, the judge shall notify the occupational licensing board or agency to suspend the obligor's license under paragraph (c). If the obligor fails to appear at the hearing, the public authority may notify the occupational or licensing board to suspend the obligor's license under paragraph (c).

Sec. 7. Minnesota Statutes 2000, section 518.551, subdivision 13, is amended to read:

Subd. 13. [DRIVER'S LICENSE SUSPENSION.] (a) Upon motion of an obligee, which has been properly served on the obligor and upon which there has been an opportunity for hearing, if a court finds that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child

support magistrate, or the public authority, the court shall order the commissioner of public safety to suspend the obligor's driver's license. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement ~~regarding both current support and arrearages, which~~ pursuant to section 518.553. The payment agreement must be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 after the 90 days expires, the court's order becomes effective and the commissioner of public safety shall suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the court. An obligee may not bring a motion under this paragraph within 12 months of a denial of a previous motion under this paragraph.

(b) If a public authority responsible for child support enforcement determines that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the public authority.

(c) At least 90 days prior to notifying the commissioner of public safety according to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to seek suspension of the obligor's driver's license and that the obligor must request a hearing within 30 days in order to contest the suspension. If the obligor makes a written request for a hearing within 30 days of the date of the notice, a court hearing must be held. Notwithstanding any law to the contrary, the obligor must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice, and the obligor does not execute a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the public authority within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license under paragraph (b).

(d) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the district court or child support magistrate shall order the commissioner of public safety to suspend the obligor's driver's license or operating privileges unless the court or child support magistrate determines that the obligor has executed and is in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority.

(e) An obligor whose driver's license or operating privileges are suspended may:

(1) provide proof to the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements ~~regarding both current support and arrearages~~; pursuant to section 518.553;

(2) bring a motion for reinstatement of the driver's license. At the hearing, if the court or child support magistrate orders reinstatement of the driver's license, the court or child support magistrate must establish a written payment agreement pursuant to section 518.553; or

(3) seek a limited license under section 171.30. A limited license issued to an obligor under section 171.30 expires 90 days after the date it is issued.

Within 15 days of the receipt of that proof or a court order, the public authority shall inform the commissioner of public safety that the obligor's driver's license or operating privileges should no longer be suspended.

(f) On January 15, 1997, and every two years after that, the commissioner of human services shall submit a report to the legislature that identifies the following information relevant to the implementation of this section:

- (1) the number of child support obligors notified of an intent to suspend a driver's license;
- (2) the amount collected in payments from the child support obligors notified of an intent to suspend a driver's license;
- (3) the number of cases paid in full and payment agreements executed in response to notification of an intent to suspend a driver's license;
- (4) the number of cases in which there has been notification and no payments or payment agreements;
- (5) the number of driver's licenses suspended; and
- (6) the cost of implementation and operation of the requirements of this section; and
- (7) the number of limited licenses issued and number of cases in which payment agreements are executed and cases are paid in full following issuance of a limited license.

(g) In addition to the criteria established under this section for the suspension of an obligor's driver's license, a court, a child support magistrate, or the public authority may direct the commissioner of public safety to suspend the license of a party who has failed, after receiving notice, to comply with a subpoena relating to a paternity or child support proceeding. Notice to an obligor of intent to suspend must be served by first class mail at the obligor's last known address. The notice must inform the obligor of the right to request a hearing. If the obligor makes a written request within ten days of the date of the hearing, a hearing must be held. At the hearing, the only issues to be considered are mistake of fact and whether the obligor received the subpoena.

(h) The license of an obligor who fails to remain in compliance with an approved payment agreement may be suspended. Notice to the obligor of an intent to suspend under this paragraph must be served by first class mail at the obligor's last known address and must include a notice of hearing. The notice must be served upon the obligor not less than ten days before the date of the hearing. If the obligor appears at the hearing and the judge determines that the obligor has failed to comply with an approved payment agreement, the judge shall notify the department of public safety to suspend the obligor's license under paragraph (c). If the obligor fails to appear at the hearing, the public authority may notify the department of public safety to suspend the obligor's license under paragraph (c).

Sec. 8. Minnesota Statutes 2000, section 518.551, subdivision 14, is amended to read:

Subd. 14. [MOTOR VEHICLE LIEN.] (a) Upon motion of an obligee, if a court finds that the obligor is a debtor for a judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the court shall order the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, in accordance with section 168A.05, subdivision 8, unless the court finds that the obligor is in compliance with a written payment agreement ~~regarding both current support and arrearages pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement regarding both current support and arrearages pursuant to section 518.553, which agreement shall be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written payment agreement regarding both current support and arrearages pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority within the 90-day period, the court's order becomes effective and the commissioner of public safety shall record the lien on any motor vehicle certificate of title subsequently issued in the name of the obligor. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.~~

(b) If a public authority responsible for child support enforcement determines that the obligor is a debtor for judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the public authority shall direct the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, under section 168A.05, subdivision 8, on any motor vehicle certificate of title subsequently issued in the name of the obligor unless the public authority determines that the obligor is in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority. The remedy under this subdivision is in addition to any other enforcement remedy available to the public agency.

(c) At least 90 days prior to notifying the commissioner of public safety pursuant to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to record a lien on any motor vehicle certificate of title subsequently issued in the name of the obligor and that the obligor must request a hearing within 30 days in order to contest the action. If the obligor makes a written request for a hearing within 30 days of the date of the notice, a court hearing must be held. Notwithstanding any law to the contrary, the obligor must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice and the obligor does not execute or is not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the public authority within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to record the lien under paragraph (b).

(d) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the district court or child support magistrate shall order the commissioner of public safety to record the lien unless the court or child support magistrate determines that the obligor has executed and is in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is determined to be acceptable by the court, a child support magistrate, or the public authority.

(e) An obligor may provide proof to the court or the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements ~~regarding both current support and arrearages~~ pursuant to section 518.553 or that the value of the motor vehicle is less than the exemption provided under section 550.37. Within 15 days of the receipt of that proof, the court or public authority shall either execute a release of security interest under section 168A.20, subdivision 4, and mail or deliver the release to the owner or other authorized person or shall direct the commissioner of public safety not to enter a lien on any motor vehicle certificate of title subsequently issued in the name of the obligor in instances where a lien has not yet been entered.

(f) Any lien recorded against a motor vehicle certificate of title under this section and section 168A.05, subdivision 8, attaches only to the nonexempt value of the motor vehicle as determined in accordance with section 550.37. The value of a motor vehicle must be determined in accordance with the retail value described in the N.A.D.A. Official Used Car Guide, Midwest Edition, for the current year, or in accordance with the purchase price as defined in section 297B.01, subdivision 8.

Sec. 9. Minnesota Statutes 2000, section 518.551, subdivision 15, is amended to read:

Subd. 15. [LICENSE SUSPENSION.] (a) Upon motion of an obligee or the public authority, which has been properly served on the obligor by first class mail at the last known address or in person, and if at a hearing, the court finds that (1) the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than six times the obligor's total monthly support and maintenance payments and is not in compliance with a written

payment agreement ~~regarding both current support and arrearages pursuant to section 518.553, or (2) has failed, after receiving notice, to comply with a subpoena relating to a paternity or child support proceeding, the court may direct the commissioner of natural resources to suspend or bar receipt of the obligor's recreational license or licenses. Prior to utilizing this subdivision, the court must find that other substantial enforcement mechanisms have been attempted but have not resulted in compliance.~~

(b) For purposes of this subdivision, a recreational license includes all licenses, permits, and stamps issued centrally by the commissioner of natural resources under sections 97B.301, 97B.401, 97B.501, 97B.515, 97B.601, 97B.715, 97B.721, 97B.801, 97C.301, and 97C.305.

(c) An obligor whose recreational license or licenses have been suspended or barred may provide proof to the court that the obligor is in compliance with all written payment agreements ~~regarding both current support and arrearages pursuant to section 518.553.~~ Within 15 days of receipt of that proof, the court shall notify the commissioner of natural resources that the obligor's recreational license or licenses should no longer be suspended nor should receipt be barred.

Sec. 10. Minnesota Statutes 2000, section 518.553, is amended to read:

518.553 [PAYMENT AGREEMENTS.]

In proposing or approving proposed written payment agreements for purposes of section 518.551, the court, a child support magistrate, or the public authority shall take into consideration the amount of the arrearages, the amount of the current support order, any pending request for modification, and the earnings of the obligor. The court, child support magistrate, or public authority shall consider the individual financial circumstances of each obligor in evaluating the obligor's ability to pay any proposed payment agreement and shall propose a reasonable payment agreement tailored to the individual financial circumstances of each obligor. The court, child support magistrate, or public authority also shall consider a graduated payment plan tailored to the individual financial circumstances of each obligor."

Delete the title and insert:

"A bill for an act relating to child support; permitting the issuance of a limited license under certain circumstances to a person whose driver's license is suspended for nonpayment of support; clarifying requirements relating to payment agreements; amending Minnesota Statutes 2000, sections 171.186, subdivisions 1, 3, by adding a subdivision; 171.20, subdivision 4; 171.30, subdivision 1; 518.551, subdivisions 12, 13, 14, 15; 518.553."

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

SECOND READING OF SENATE BILLS

S.F. No. 3384 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Senator Rest introduced--

S.F. No. 3421: A bill for an act relating to education finance; expanding the alternative facilities levy program; amending Minnesota Statutes 2000, section 123B.59, subdivision 5.

Referred to the Committee on Education.

Senator Johnson, Dean introduced--

S.F. No. 3422: A bill for an act relating to retirement; providing retirement coverage under the local correctional employee plan or state correctional employee plan for certain parole and probation officers; amending Minnesota Statutes 2000, sections 352.91, by adding a subdivision; 353E.02, subdivision 1, by adding a subdivision; 353E.03.

Referred to the Committee on State and Local Government Operations.

Senators Chaudhary, Ourada and Robling introduced--

S.F. No. 3423: A bill for an act relating to capital improvements; providing for a grant to the University of Minnesota to study, develop, and construct a demonstration personal rapid transit system; authorizing issuance of bonds; appropriating money.

Referred to the Committee on Education.

Senators Sabo and Stumpf introduced--

S.F. No. 3424: A bill for an act relating to early childhood education; establishing pilot projects to create a model of service integration among early childhood care and education providers; appropriating money.

Referred to the Committee on Education.

MEMBERS EXCUSED

Senator Berglin was excused from the Session of today from 12:00 to 12:30 p.m. Senator Moe, R.D. was excused from the Session of today from 12:00 to 12:40 p.m. Senators Fowler and Terwilliger were excused from the Session of today from 12:00 to 12:45 p.m. Senator Price was excused from the Session of today from 12:00 to 12:50 p.m. Senator Belanger was excused from the Session of today from 12:00 to 1:00 p.m. Senator Pogemiller was excused from the Session of today from 12:25 to 12:45 p.m. Senator Cohen was excused from the Session of today at 12:30 p.m. Senator Berg was excused from the Session of today at 1:30 p.m. Senator Tomassoni was excused from the Session of today from 1:30 to 2:30 p.m.

ADJOURNMENT

Senator Hottinger moved that the Senate do now adjourn until 9:00 a.m., Thursday, March 7, 2002. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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