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Executive Summary of Commission Staff Materials

Affected Pension Plan(s): PERA-General
Relevant Provisions of Law: Minnesota Statutes, Section 471A.10
General Nature of Proposal: Revise handling of terminated water and wastewater treatment privatized employees by no longer allowing them to remain as active PERA-General members.
Date of Summary: April 5, 2005

Specific Proposed Changes

- Revise handling of terminated water and wastewater treatment privatized employees by no longer allowing them to remain as active PERA-General members.

Policy Issues Raised by the Proposed Legislation

1. Need for Change. Whether there is a need to change the handling of these employees to conform to more recently developed treatment of other privatized employees, or to protect PERA's plan qualification status.
2. Implication of Change. PERA's Executive Director has urged the Commission to not recommend any more privatizations until revisions in the PERA privatization chapter are made. Revisions in that chapter may require interim study and may not be addressed until next year. Thus, the bill has the effect of creating uncertainty for privatized water and wastewater treatment employees, because there is currently no model to follow for their post-privatization handling.
3. Possible Retroactive Application. It is unclear whether the bill is intended just to apply to new privatizations, or to also have retroactive application.

Potential Amendments

Technical Amendment:

Amendment LCPR05-217 is technical in nature by providing clarity and adding an effective date.

Substantive Amendment:

Amendment LCPR05-218 is substantive, and could be used if the intention is to have retroactive application. The amendment would make the bill retroactive to past privatizations, but would permit the individuals impacted by the retroactivity to have PERA service credit up to the effective date of the bill.