

1.1 A bill for an act

1.2 relating to retirement; Public Employees Retirement Association plans and  
 1.3 various other plans; making changes of an administrative nature; clarifying PERA  
 1.4 membership provisions, revising PERA board election procedures; creating  
 1.5 fines for PERA employer reporting failures; revising public employees defined  
 1.6 contribution plan eligibility; adding new privatizations to the PERA privatized  
 1.7 employee chapter and permitting employers to make payment to eliminated  
 1.8 privatization loss; revising appeal procedure applicable to the Minnesota State  
 1.9 Retirement System, the Public Employees Retirement Association, and the  
 1.10 Teachers Retirement Association; extending PERA postretirement option  
 1.11 program; and repealing obsolete provisions; amending Minnesota Statutes 2008,  
 1.12 sections 353.01, subdivisions 2b, 2d; 353.03, subdivision 1; 353.27, subdivisions  
 1.13 4, 10; 353D.01, subdivision 2; 353D.03, subdivision 1; 353D.04, subdivisions 1,  
 1.14 2; 353F.025, subdivisions 1, 2; 356.96, subdivisions 2, 3, 7, 8; Minnesota Statutes  
 1.15 2009 Supplement, sections 353.01, subdivisions 2, 2a; 353.27, subdivision 7;  
 1.16 353.371, subdivision 4; 353F.02, subdivision 4; 356.96, subdivision 5; Laws  
 1.17 2009, chapter 169, article 4, section 49; article 5, section 2; repealing Minnesota  
 1.18 Statutes 2008, sections 353.46, subdivision 1a; 353D.03, subdivision 2; 353D.12.

1.19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.20 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is  
 1.21 amended to read:

1.22 Subd. 2. **Public employee.** "Public employee" means a governmental employee  
 1.23 or a public officer performing personal services for a governmental subdivision defined  
 1.24 in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from  
 1.25 taxation, fees, assessments, or from other sources. For purposes of membership in the  
 1.26 association, the term includes the classes of persons ~~described or~~ listed in subdivision  
 1.27 2a and excludes the classes of persons listed in subdivision 2b. The term also includes  
 1.28 persons who elect association membership under subdivision 2d, paragraph (a), and  
 1.29 persons for whom the applicable governmental subdivision had elected association

2.1 membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons~~  
 2.2 ~~listed in subdivision 2b for purposes of membership in the association.~~

2.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

2.4 Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is  
 2.5 amended to read:

2.6 Subd. 2a. **Included employees; mandatory membership.** (a) ~~Public employees~~  
 2.7 ~~whose salary from employment in one or more positions within one governmental~~  
 2.8 ~~subdivision exceeds \$425 in any month shall participate as members of the association.~~  
 2.9 ~~If the salary is less than \$425 in a subsequent month, the employee retains membership~~  
 2.10 ~~eligibility. Eligible Public employees shall~~ whose salary exceeds \$425 in any month and  
 2.11 who are not specifically excluded under subdivision 2b or provided an option to participate  
 2.12 under subdivision 2d, whether individually or by action of the governmental subdivision,  
 2.13 must participate as members of the association with retirement coverage by the public  
 2.14 employees retirement plan or the public employees police and fire retirement plan under  
 2.15 this chapter, or the local government correctional employees retirement plan under chapter  
 2.16 353E, whichever applies. Membership commences as a condition of their employment on  
 2.17 the first day of their employment unless they or on the first day the eligibility criteria are  
 2.18 met, whichever is later. Public employees include but are not limited to:

2.19 ~~(1) are specifically excluded under subdivision 2b;~~  
 2.20 ~~(2) do not exercise their option to elect retirement coverage in the association as~~  
 2.21 ~~provided in subdivision 2d, paragraph (a); or~~  
 2.22 ~~(3) are employees of the governmental subdivisions listed in subdivision 2d,~~  
 2.23 ~~paragraph (b), where the governmental subdivision has not elected to participate as a~~  
 2.24 ~~governmental subdivision covered by the association.~~

2.25 (1) persons whose salary meets the threshold in paragraph (a) from employment in  
 2.26 one or more positions within one governmental subdivision;

2.27 (2) elected county sheriffs;

2.28 (3) persons appointed, employed, or contracted to perform governmental functions  
 2.29 that by law or local ordinance are required of a public officer, including, but not limited to:

2.30 (i) town and city clerk or treasurer;

2.31 (ii) county auditor, treasurer, or recorder;

2.32 (iii) city manager as defined in section 353.028 who does not exercise the option  
 2.33 provided under subdivision 2d; or

2.34 (iv) emergency management director, as provided under section 12.25;

3.1 (4) physicians under section 353D.01, subdivision 2, who do not elect public  
 3.2 employees defined contribution plan coverage under section 353D.02, subdivision 2;  
 3.3 (5) full-time employees of the Dakota County Agricultural Society; and  
 3.4 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis  
 3.5 Police Relief Association who are not excluded employees under subdivision 2b due  
 3.6 to coverage by the relief association pension plan and who elected Public Employee  
 3.7 Retirement Association general plan coverage before August 20, 2009.

3.8 (b) A public employee or elected official who was a member of the association on  
 3.9 June 30, 2002, based on employment that qualified for membership coverage by the public  
 3.10 employees retirement plan or the public employees police and fire plan under this chapter,  
 3.11 or the local government correctional employees retirement plan under chapter 353E as of  
 3.12 June 30, 2002, retains that membership for the duration of the person's employment in that  
 3.13 position or incumbency in elected office. Except as provided in subdivision 28, the person  
 3.14 shall participate as a member until the employee or elected official terminates public  
 3.15 employment under subdivision 11a or terminates membership under subdivision 11b.

3.16 ~~(c) Public employees under paragraph (a) include:~~

3.17 ~~(1) physicians under section 353D.01, subdivision 2, who do not elect public~~  
 3.18 ~~employees defined contribution plan coverage under section 353D.02, subdivision 2;~~

3.19 ~~(2) full-time employees of the Dakota County Agricultural Society; and~~

3.20 ~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~

3.21 ~~Police Relief Association who are not excluded employees under subdivision 2b due to~~

3.22 ~~coverage by the relief association pension plan and who elect Public Employee Retirement~~

3.23 ~~Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

3.24 (c) If the salary of an included public employee is less than \$425 in any subsequent  
 3.25 month, the member retains membership eligibility.

3.26 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that paragraph  
 3.27 (a), clause (3) applies to any person first appointed, elected or contracted after June 30,  
 3.28 2010.

3.29 Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

3.30 Subd. 2b. **Excluded employees.** (a) The following public employees are not  
 3.31 eligible to participate as members of the association with retirement coverage by the  
 3.32 public employees retirement plan, the local government correctional employees retirement  
 3.33 plan under chapter 353E, or the public employees police and fire retirement plan:

3.34 (1) persons whose salary from one governmental subdivision never exceeds \$425 in  
 3.35 a month;

4.1 ~~(2)~~ (2) public officers, ~~other than county sheriffs,~~ who are elected to a governing body,  
4.2 the mayor of a city, or persons who are appointed to fill a vacancy in an elective office  
4.3 of a governing body, whose term of office commences on or after July 1, 2002, for the  
4.4 service to be rendered in that elective position;

4.5 ~~(2)~~ (3) election officers or election judges;

4.6 ~~(3)~~ (4) patient and inmate personnel who perform services for a governmental  
4.7 subdivision;

4.8 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired  
4.9 for a temporary position as defined under subdivision 12a, and employees who resign  
4.10 from a nontemporary position and accept a temporary position within 30 days in the  
4.11 same governmental subdivision;

4.12 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,  
4.13 flood, storm, or similar disaster;

4.14 ~~(6)~~ (7) employees who by virtue of their employment in one governmental  
4.15 subdivision are required by law to be a member of and to contribute to any of the plans or  
4.16 funds administered by the Minnesota State Retirement System, the Teachers Retirement  
4.17 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers  
4.18 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police  
4.19 or firefighters relief association governed by section 69.77 that has not consolidated  
4.20 with the Public Employees Retirement Association, or any local police or firefighters  
4.21 consolidation account who have not elected the type of benefit coverage provided by the  
4.22 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons  
4.23 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees  
4.24 police and fire plan benefit coverage. This clause must not be construed to prevent a person  
4.25 from being a member of and contributing to the Public Employees Retirement Association  
4.26 and also belonging to and contributing to another public pension plan or fund for other  
4.27 service occurring during the same period of time. A person who meets the definition of  
4.28 "public employee" in subdivision 2 by virtue of other service occurring during the same  
4.29 period of time becomes a member of the association unless contributions are made to  
4.30 another public retirement fund on the salary based on the other service or to the Teachers  
4.31 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

4.32 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage  
4.33 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the  
4.34 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),  
4.35 as amended through January 1, 1987, if no irrevocable election of coverage has been made  
4.36 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

5.1 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of  
5.2 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time  
5.3 basis at an accredited school, college, or university in an undergraduate, graduate, or  
5.4 professional-technical program, or a public or charter high school;

5.5 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and  
5.6 pharmacist interns who are serving in a degree or residency program in public hospitals  
5.7 or clinics;

5.8 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored  
5.9 by an accredited educational institution;

5.10 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license  
5.11 who render part-time teaching service in a technical college;

5.12 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,  
5.13 Inc., foreign citizens working for a governmental subdivision with a work permit ~~of less~~  
5.14 ~~than three years~~, or an H-1b visa ~~valid~~ initially issued or extended for a combined period  
5.15 ~~less than three years of employment. Upon notice to the association that the work permit~~  
5.16 ~~or visa extends~~ extension of the employment beyond the three-year period, the foreign  
5.17 citizens must be reported for membership ~~from the date of the extension~~ beginning the  
5.18 first of the month thereafter provided the monthly earnings as stated under subdivision 2a  
5.19 are met;

5.20 ~~(13)~~ (14) public hospital employees who elected not to participate as members  
5.21 of the association before 1972 and who did not elect to participate from July 1, 1988,  
5.22 to October 1, 1988;

5.23 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service  
5.24 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance  
5.25 service personnel may still qualify as public employees under subdivision 2 and may  
5.26 be members of the Public Employees Retirement Association and participants in the  
5.27 public employees retirement fund or the public employees police and fire fund, whichever  
5.28 applies, on the basis of compensation received from public employment service other than  
5.29 service as volunteer ambulance service personnel;

5.30 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined  
5.31 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter  
5.32 duties; provided that a person who is a volunteer firefighter may still qualify as a public  
5.33 employee under subdivision 2 and may be a member of the Public Employees Retirement  
5.34 Association and a participant in the public employees retirement fund or the public  
5.35 employees police and fire fund, whichever applies, on the basis of compensation received  
5.36 from public employment activities other than those as a volunteer firefighter;

6.1 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent  
6.2 School District No. 625, St. Paul, with coverage under a collective bargaining agreement  
6.3 by the pipefitters local 455 pension plan who were either first employed after May 1,  
6.4 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,  
6.5 chapter 241, article 2, section 12;

6.6 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel  
6.7 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,  
6.8 who have retirement coverage under a collective bargaining agreement by the Electrical  
6.9 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,  
6.10 or the Carpenters Local 87 pension plan who were either first employed after May 1,  
6.11 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,  
6.12 chapter 461, article 7, section 5;

6.13 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
6.14 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or  
6.15 Independent School District No. 625, St. Paul, with coverage under a collective  
6.16 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,  
6.17 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
6.18 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
6.19 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
6.20 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
6.21 Session chapter 10, article 10, section 6;

6.22 ~~(19)~~ (20) plumbers employed by the Metropolitan Airports Commission, with  
6.23 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
6.24 who either were first employed after May 1, 2001, or if first employed before May 2,  
6.25 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
6.26 10, section 6;

6.27 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions  
6.28 under subdivision 12b which are limited in duration by the employer to 185 consecutive  
6.29 calendar days or less in each year of employment with the governmental subdivision;

6.30 ~~(21)~~ (22) persons who are provided supported employment or work-study positions  
6.31 by a governmental subdivision and who participate in an employment or industries  
6.32 program maintained for the benefit of these persons where the governmental subdivision  
6.33 limits the position's duration to three years or less, including persons participating in a  
6.34 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or  
6.35 unemployment relief program where the training or work experience is not provided as a  
6.36 part of, or for, future permanent public employment;

7.1 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~  
7.2 ~~(23)~~ (24) reemployed annuitants of the association during the course of that  
7.3 reemployment; and

7.4 (25) persons appointed to serve on a board or commission of a governmental  
7.5 subdivision or instrumentality thereof.

7.6 (b) Any person performing the duties of a public officer in a position defined in  
7.7 subdivision 2a, paragraph (a), clause (3), is not an independent contractor nor an employee  
7.8 of an independent contractor.

7.9 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)  
7.10 is effective for persons first appointed after June 30, 2010.

7.11 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

7.12 Subd. 2d. **Optional membership.** (a) Membership in the association is optional  
7.13 by action of the individual employee for the following public employees who meet the  
7.14 conditions set forth in subdivision 2a:

7.15 (1) members of the coordinated plan who are also employees of labor organizations  
7.16 as defined in section 353.017, subdivision 1, for their employment by the labor  
7.17 organization only, if they elect to have membership under section 353.017, subdivision 2;

7.18 (2) persons who are elected or persons who are appointed to elected positions other  
7.19 than local governing body elected positions who elect to participate by filing a written  
7.20 election for membership;

7.21 (3) members of the association who are appointed by the governor to be a state  
7.22 department head and who elect not to be covered by the general state employees retirement  
7.23 plan of the Minnesota State Retirement System under section 352.021;

7.24 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be  
7.25 excluded from membership in the association under section 353.028, subdivision 2; and

7.26 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,  
7.27 who were at least age 45 on that date, and who elected to participate by filing a written  
7.28 election for membership.

7.29 (b) Membership in the association is optional by action of the governmental  
7.30 subdivision for the employees of the following governmental subdivisions under the  
7.31 conditions specified:

7.32 (1) the Minnesota Association of Townships if the board of that association, at its  
7.33 option, certifies to the executive director that its employees who meet the conditions set  
7.34 forth in subdivision 2a are to be included for purposes of retirement coverage, in which  
7.35 case the status of the association as a participating employer is permanent;

8.1 (2) a county historical society if the county in which the historical society is located,  
8.2 at its option, certifies to the executive director that the employees of the historical society  
8.3 who meet the conditions set forth in subdivision 2a are to be considered county employees  
8.4 for purposes of retirement coverage under this chapter. The status as a county employee  
8.5 must be accorded to all similarly situated county historical society employees and, once  
8.6 established, must continue as long as a person is an employee of the county historical  
8.7 society; and

8.8 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to  
8.9 employees other than paramedics, emergency medical technicians, and protection officers,  
8.10 if the corporate board establishes alternative retirement plans for certain classes of  
8.11 employees of the corporation and certifies to the association the applicable employees to  
8.12 be excluded from future retirement coverage.

8.13 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or  
8.14 covered by paragraph (b), clause (1) or (2), if the necessary membership election is  
8.15 not made, the employee is excluded from retirement coverage under this chapter. For  
8.16 employees who are covered by paragraph (a), clause (4), if the necessary election is not  
8.17 made, the employee must become a member and have retirement coverage under this  
8.18 chapter. For employees specified in paragraph (b), clause (3), membership continues until  
8.19 the exclusion option is exercised for the designated class of employee.

8.20 (d) The option to become a member, once exercised under this subdivision, may not  
8.21 be withdrawn until the termination of public service as defined under subdivision 11a.

8.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

8.23 Sec. 5. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

8.24 Subdivision 1. **Management; composition; election.** (a) The management of the  
8.25 public employees retirement fund is vested in an 11-member board of trustees consisting  
8.26 of ten members and the state auditor. The state auditor may designate a deputy auditor  
8.27 with expertise in pension matters as the auditor's representative on the board. The  
8.28 governor shall appoint five trustees to four-year terms, one of whom shall be designated to  
8.29 represent school boards, one to represent cities, one to represent counties, one who is a  
8.30 retired annuitant, and one who is a public member knowledgeable in pension matters. The  
8.31 membership of the association, including recipients of retirement annuities and disability  
8.32 and survivor benefits, shall elect five trustees for terms of four years, one of whom must  
8.33 be a member of the police and fire fund and one of whom must be a former member who  
8.34 met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at  
8.35 least five years prior to terminating membership and who is receiving a retirement annuity

9.1 or a member who receives a disability benefit. Terms expire on January 31 of the fourth  
9.2 year, and positions are vacant until newly elected members are seated. Except as provided  
9.3 in this subdivision, trustees elected by the membership of the association must be public  
9.4 employees and members of the association.

9.5 (b) For seven days beginning October 1 of each year preceding a year in which  
9.6 an election is held, the association shall accept ~~at its office filings in person or by mail~~  
9.7 of candidates for the board of trustees. A candidate shall submit at the time of filing a  
9.8 nominating petition signed by 25 or more members of the association. No name may  
9.9 be withdrawn from nomination by the nominee after October 15. At the request of a  
9.10 candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide  
9.11 a statement of up to 300 words prepared by the candidate to all persons eligible to vote  
9.12 in the election of the candidate. The board may adopt policies, ~~subject to review and~~  
9.13 ~~approval by the secretary of state under paragraph (c), and procedures to govern the form~~  
9.14 ~~and length of these statements, and the timing of mailings, and deadlines for submitting~~  
9.15 ~~materials to be mailed. The secretary of state shall resolve disputes between the board and~~  
9.16 ~~a candidate concerning application of these policies to a particular statement distributed to~~  
9.17 the eligible voters.

9.18 (c) By January 10 of each year in which elections are to be held, the board shall  
9.19 distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and  
9.20 materials necessary to vote for the candidates seeking terms on the board of trustees.  
9.21 Eligible voters are the members, retirees, and other benefit recipients. No member voter  
9.22 may vote for more than one candidate for each board position to be filled. A ballot  
9.23 indicating a vote for more than one person for any position is void. No special marking  
9.24 may be used on the ballot to indicate incumbents. Ballots Votes cast by using paper ballots  
9.25 mailed to the association must be postmarked no later than January 31. Votes cast by using  
9.26 phone or other electronic means authorized under the board's procedures must be entered  
9.27 by the end of the day on January 31. The ballot envelopes must be so designated and the  
9.28 ballots must be design of the voting response media must be such that the votes cast are  
9.29 counted in a manner that ensures that each voter's vote is secret.

9.30 (d) A candidate who receives contributions or makes expenditures in excess of \$100,  
9.31 or has given implicit or explicit consent for any other person to receive contributions or  
9.32 make expenditures in excess of \$100 for the purpose of bringing about the candidate's  
9.33 election, shall file a report with the campaign finance and public disclosure board  
9.34 disclosing the source and amount of all contributions to the candidate's campaign. The  
9.35 campaign finance and public disclosure board shall prescribe forms governing these  
9.36 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.

10.1 These terms do not include the mailing made by the association board on behalf of the  
10.2 candidate. A candidate shall file a report within 30 days from the day that the results of  
10.3 the election are announced. The Campaign Finance and Public Disclosure Board shall  
10.4 maintain these reports and make them available for public inspection in the same manner  
10.5 as the board maintains and makes available other reports filed with it.

10.6 (e) The secretary of state shall review and ~~approve~~ comment on the procedures  
10.7 defined by the board of trustees for conducting the elections specified in this subdivision,  
10.8 including board policies adopted under paragraph (b).

10.9 (f) The board of trustees and the executive director shall undertake their activities  
10.10 consistent with chapter 356A.

10.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.12 Sec. 6. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

10.13 Subd. 4. **Employer reporting requirements; contributions; member status.**

10.14 (a) A representative authorized by the head of each department shall deduct employee  
10.15 contributions from the salary of each public employee who qualifies for membership  
10.16 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,  
10.17 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is  
10.18 paid. The employer representative must also remit payment in a manner prescribed by  
10.19 the executive director for the aggregate amount of the employee contributions; and the  
10.20 required employer contributions and the additional employer contributions to be received  
10.21 by the association within 14 calendar days after each pay date. If payment is less than  
10.22 the amount required, the employer must subsequently pay the shortage amount to the  
10.23 association and collect reimbursement of any employee contribution shortage paid on  
10.24 behalf of a member through subsequent payroll withholdings from the wages of the  
10.25 employee. Payment of shortages in employee contributions and associated employer  
10.26 contributions, if applicable, must include interest at the rate under section 353.28,  
10.27 subdivision 5, if not received within 30 days following the date the amount was initially  
10.28 due under this section.

10.29 (b) The head of each department or the person's designee shall for each pay period  
10.30 submit to the association a salary deduction report in the format prescribed by the  
10.31 executive director. The report must be received by the association within 14 calendar days  
10.32 after each pay date or the employer will be assessed a fine of \$5 per calendar day until  
10.33 the association receives the required data. Data required to be submitted as part of salary  
10.34 deduction reporting must include, but are not limited to:

10.35 (1) the legal names and Social Security numbers of employees who are members;

11.1 (2) the amount of each employee's salary deduction;

11.2 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the  
11.3 pay period from which each deduction was made and the salary amount earned by a  
11.4 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or  
11.5 by a disabled member under section 353.33, subdivision 7 or 7a;

11.6 (4) the beginning and ending dates of the payroll period covered and the date of  
11.7 actual payment; and

11.8 (5) adjustments or corrections covering past pay periods as authorized by the  
11.9 executive director.

11.10 ~~(b)~~ (c) Employers must furnish the data required for enrollment for each new  
11.11 or reinstating employee who qualifies for membership in the format prescribed by the  
11.12 executive director. The required enrollment data on new ~~employees~~ members must be  
11.13 submitted to the association prior to or concurrent with the submission of the initial  
11.14 employee salary deduction. The employer shall also report to the association all member  
11.15 employment status changes, such as leaves of absence, terminations, and death, and shall  
11.16 report the effective dates of those changes, on an ongoing basis for the payroll cycle in  
11.17 which they occur. If an employer fails to comply with the reporting requirements under  
11.18 this paragraph, the executive director may assess a fine of \$25 for each failure if the  
11.19 association staff has notified the employer of the noncompliance and attempted to obtain  
11.20 the missing data or form from the employer for a period of more than three months.

11.21 (d) The employer shall furnish data, forms, and reports as may be required by  
11.22 the executive director for proper administration of the retirement system. Before  
11.23 implementing new or different computerized reporting requirements, the executive  
11.24 director shall give appropriate advance notice to governmental subdivisions to allow time  
11.25 for system modifications.

11.26 ~~(e)~~ (e) Notwithstanding paragraph (a), the association may provide for less frequent  
11.27 reporting and payments for small employers.

11.28 (f) The executive director may establish reporting procedures and methods as  
11.29 required to review compliance by employers with the salary and contribution reporting  
11.30 requirements in this chapter. A review of the payroll records of a participating employer  
11.31 may be conducted by the association on a periodic basis or as a result of concerns known  
11.32 to exist within a governmental subdivision. An employer under review must extract  
11.33 requested data and provide records to the association after receiving reasonable advanced  
11.34 notice. Failure to provide requested information or materials will result in the employer  
11.35 being liable to the association for any expenses associated with a field audit, including  
11.36 staff salaries, administrative expenses and travel expenses.

12.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.2 Sec. 7. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is  
12.3 amended to read:

12.4 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except  
12.5 as provided in paragraph (b), erroneous employee deductions and erroneous employer  
12.6 contributions and additional employer contributions for a person, who otherwise does not  
12.7 qualify for membership under this chapter, are considered:

12.8 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon  
12.9 determination of the error by the association, the person may continue membership in the  
12.10 association while employed in the same position for which erroneous deductions were  
12.11 taken, or file a written election to terminate membership and apply for a refund upon  
12.12 termination of public service or defer an annuity under section 353.34; or

12.13 (2) invalid, if the initial erroneous employee deduction began on or after January 1,  
12.14 1990. Upon determination of the error, the association shall refund all erroneous employee  
12.15 deductions and all erroneous employer contributions as specified in paragraph (e). No  
12.16 person may claim a right to continued or past membership in the association based on  
12.17 erroneous deductions which began on or after January 1, 1990.

12.18 (b) Erroneous deductions taken from the salary of a person who did not qualify  
12.19 for membership in the association by virtue of concurrent employment before July 1,  
12.20 1978, which required contributions to another retirement fund or relief association  
12.21 established for the benefit of officers and employees of a governmental subdivision, are  
12.22 invalid. Upon discovery of the error, the association shall remove all invalid service and,  
12.23 upon termination of public service, the association shall refund all erroneous employee  
12.24 deductions to the person, with interest as determined under section 353.34, subdivision 2,  
12.25 and all erroneous employer contributions without interest to the employer. This paragraph  
12.26 has both retroactive and prospective application.

12.27 (c) Adjustments to correct employer contributions and employee deductions taken  
12.28 in error from amounts which are not salary under section 353.01, subdivision 10, must  
12.29 be made as specified in paragraph (e). The period of adjustment must be limited to the  
12.30 fiscal year in which the error is discovered by the association and the immediate two  
12.31 preceding fiscal years.

12.32 (d) If there is evidence of fraud or other misconduct on the part of the employee or  
12.33 the employer, the board of trustees may authorize adjustments to the account of a member  
12.34 or former member to correct erroneous employee deductions and employer contributions

13.1 on invalid salary and the recovery of any overpayments for a period longer than provided  
13.2 for under paragraph (c).

13.3 (e) Upon discovery of the receipt of erroneous employee deductions and employer  
13.4 contributions under paragraph (a), clause (2), or paragraph (c), the association must require  
13.5 the employer to discontinue the erroneous employee deductions and erroneous employer  
13.6 contributions reported on behalf of a member. Upon discontinuation, the association must:

13.7 (1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the  
13.8 invalid employee deductions with interest on the invalid employee deductions at the rate  
13.9 specified under section 353.34, subdivision 2, from the received date of each invalid salary  
13.10 transaction through the date the credit or refund is made; ~~and the employer must pay the~~  
13.11 ~~refunded employee deductions plus interest to the member;~~

13.12 (2) for a former member who:

13.13 (i) is not receiving a retirement annuity or benefit, return the erroneous employee  
13.14 deductions to the former member through a refund with interest at the rate specified under  
13.15 section 353.34, subdivision 2, from the received date of each invalid salary transaction  
13.16 through the date the credit or refund is made; or

13.17 (ii) is receiving a retirement annuity or disability benefit, or a person who is  
13.18 receiving an optional annuity or survivor benefit, for whom it has been determined an  
13.19 overpayment must be recovered, adjust the payment amount and recover the overpayments  
13.20 as provided under this section; and

13.21 (3) return the invalid employer contributions reported on behalf of a member or  
13.22 former member to the employer by providing a credit against future contributions payable  
13.23 by the employer.

13.24 (f) In the event that a salary warrant or check from which a deduction for the  
13.25 retirement fund was taken has been canceled or the amount of the warrant or check  
13.26 returned to the funds of the department making the payment, a refund of the sum  
13.27 deducted, or any portion of it that is required to adjust the deductions, must be made  
13.28 to the department or institution.

13.29 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit  
13.30 is within the limitation period specified in paragraph (c), and an overpayment has resulted  
13.31 by using invalid service or salary, or due to any erroneous calculation procedure, the  
13.32 association must recalculate the annuity or benefit payable and recover any overpayment  
13.33 as provided under subdivision 7b.

13.34 (h) Notwithstanding the provisions of this subdivision, the association may apply  
13.35 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans  
13.36 Compliance Resolution System and not issue a refund of erroneous employee deductions

14.1 and employer contributions or not recover a small overpayment of benefits if the cost to  
14.2 correct the error would exceed the amount of the member refund or overpayment.

14.3 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any  
14.4 failure by an employer to follow the statutory requirements for reporting eligible members  
14.5 and salary must be paid by the employer.

14.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.7 Sec. 8. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

14.8 Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually  
14.9 furnish the executive director with an exclusion report listing only those employees in  
14.10 potentially PERA-eligible positions who were not reported as members of the association  
14.11 and who worked during the school year for school employees and calendar year for  
14.12 nonschool employees. The department head must certify the accuracy and completeness  
14.13 of the exclusion report to the association. The executive director shall prescribe the  
14.14 manner and forms, including standardized exclusion codes, to be used by a governmental  
14.15 subdivision in preparing and filing exclusion reports. The executive director shall also  
14.16 check the exclusion report to ascertain whether any omissions have been made by a  
14.17 department head in the reporting of new public employees for membership. The executive  
14.18 director may delegate an association employee under section 353.03, subdivision 3a,  
14.19 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a  
14.20 governmental subdivision.

14.21 (b) If an employer fails to comply with the reporting requirements under this  
14.22 subdivision, the executive director may assess a fine of \$25 for each failure if the  
14.23 association staff has notified the employer of the noncompliance and attempted to obtain  
14.24 the missing data or form from the employer for a period of more than three months.

14.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.26 Sec. 9. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is  
14.27 amended to read:

14.28 Subd. 4. **Duration.** Postretirement option employment shall be for an initial period  
14.29 not to exceed one year. At the end of the initial period, the governing body has sole  
14.30 discretion to determine if the offer of a postretirement option position will be renewed,  
14.31 renewed with modifications, or terminated. Postretirement option employment may be  
14.32 renewed annually, ~~but may not be renewed after the individual attains retirement age as~~  
14.33 ~~defined in United States Code, title 42, section 416(l)~~ for up to four years.

15.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.2 Sec. 10. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

15.3 Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan  
15.4 is available to:

15.5 (1) elected local government officials of a governmental subdivision who elect to  
15.6 participate in the plan under section 353D.02, subdivision 1, and who, for the elected  
15.7 service rendered to a governmental subdivision, are not members of the Public Employees  
15.8 Retirement Association within the meaning of section 353.01, subdivision 7;

15.9 (2) physicians who, if they did not elect to participate in the plan under section  
15.10 353D.02, subdivision 2, would meet the definition of member under section 353.01,  
15.11 subdivision 7;

15.12 (3) basic and advanced life-support emergency medical service personnel employed  
15.13 by any public ambulance service that elects to participate under section 353D.02,  
15.14 subdivision 3;

15.15 (4) members of a municipal rescue squad associated with Litchfield in Meeker  
15.16 County, or of a county rescue squad associated with Kandiyohi County, if an independent  
15.17 nonprofit rescue squad corporation, incorporated under chapter 317A, performing  
15.18 emergency management services, and if not affiliated with a fire department or ambulance  
15.19 service and if its members are not eligible for membership in that fire department's or  
15.20 ambulance service's relief association or comparable pension plan;

15.21 (5) employees of the Port Authority of the city of St. Paul who elect to participate in  
15.22 the plan under section 353D.02, subdivision 5, and who are not members of the Public  
15.23 Employees Retirement Association under section 353.01, subdivision 7;

15.24 (6) city managers who elected to be excluded from the general employees retirement  
15.25 plan of the Public Employees Retirement Association under section 353.028 and who  
15.26 elected to participate in the public employees defined contribution plan under section  
15.27 353.028, subdivision 3, paragraph (b); ~~and~~

15.28 (7) volunteer or emergency on-call firefighters serving in a municipal fire department  
15.29 or an independent nonprofit firefighting corporation who are not covered by the public  
15.30 employees police and fire retirement plan and who are not covered by a volunteer  
15.31 firefighters relief association and who elect to participate in the public employees defined  
15.32 contribution plan;

15.33 (8) elected county sheriffs who are former members of the police and fire plan and  
15.34 who are receiving a retirement annuity as provided under section 353.651; and

16.1 (9) persons who are excluded from membership under section 353.01, subdivision  
 16.2 2b, paragraph (a), clause (25).

16.3 (b) For purposes of this chapter, an elected local government official includes  
 16.4 a person appointed to fill a vacancy in an elective office. Service as an elected local  
 16.5 government official only includes service for the governmental subdivision for which the  
 16.6 official was elected by the public at large. Service as an elected local government official  
 16.7 ceases and eligibility to participate terminates when the person ceases to be an elected  
 16.8 official. An elected local government official does not include an elected county sheriff  
 16.9 who must be a member of the police and fire plan as provided under chapter 353.

16.10 (c) Individuals otherwise eligible to participate in the plan under this subdivision  
 16.11 who are currently covered by a public or private pension plan because of their employment  
 16.12 or provision of services are not eligible to participate in the public employees defined  
 16.13 contribution plan.

16.14 (d) A former participant is a person who has terminated eligible employment or  
 16.15 service and has not withdrawn the value of the person's individual account.

16.16 **EFFECTIVE DATE.** This section is effective July 1, 2010.

16.17 Sec. 11. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

16.18 Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible**  
 16.19 **participants.** ~~An (a) The following classes of eligible elected local government official~~  
 16.20 ~~participants who elects~~ elect to participate in the public employees defined contribution  
 16.21 plan under section 353D.02 shall contribute an amount equal to five percent of salary as  
 16.22 defined in section 353.01, subdivision 10-:

16.23 (1) ~~A participating~~ elected local government official's officials;

16.24 (2) physicians; and

16.25 (3) persons who are excluded from membership under section 353.01, subdivision  
 16.26 2b, clause (25).

16.27 (b) A participant's governmental subdivision shall contribute a matching amount.

16.28 **EFFECTIVE DATE.** This section is effective July 1, 2010.

16.29 Sec. 12. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

16.30 Subdivision 1. **Crediting of account contributions to participant accounts.** (a)  
 16.31 Contributions made by or on behalf of a ~~participating elected local government official or~~  
 16.32 ~~physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must

17.1 be remitted to the Public Employees Retirement Association and credited to the individual  
 17.2 account established for the participant

17.3 (b). ~~Ambulance service~~ Contributions as provided under section 353D.03,  
 17.4 subdivision 3, and subdivision 6, paragraph (b), must be remitted on a regular basis to the  
 17.5 association together with any member contributions paid or withheld. Those contributions  
 17.6 must be credited to the individual account of each participating member.

17.7 **EFFECTIVE DATE.** This section is effective July 1, 2010.

17.8 Sec. 13. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

17.9 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The  
 17.10 executive director may adopt policies and procedures regarding deductions taken totally  
 17.11 or partially in error by the employer from the salary of an elected official.

17.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

17.13 Sec. 14. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is  
 17.14 amended to read:

17.15 Subd. 4. **Medical facility.** "Medical facility" means:

- 17.16 (1) Bridges Medical Services;
- 17.17 (2) the City of Cannon Falls Hospital;
- 17.18 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- 17.19 (4) Clearwater County Memorial Hospital doing business as Clearwater Health  
 17.20 Services in Bagley;
- 17.21 ~~(4)~~ (5) the Dassel Lakeside Community Home;
- 17.22 (6) the Douglas County Hospital, with respect to the Mental Health Unit;
- 17.23 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;
- 17.24 ~~(6)~~ (8) the Glencoe Area Health Center;
- 17.25 ~~(7)~~ (9) Hutchinson Area Health Care;
- 17.26 ~~(8)~~ (10) the Lakefield Nursing Home;
- 17.27 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;
- 17.28 ~~(10)~~ (12) the Luverne Public Hospital;
- 17.29 ~~(11)~~ (13) the Oakland Park Nursing Home;
- 17.30 ~~(12)~~ (14) the RenVilla Nursing Home;
- 17.31 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department  
 17.32 of Radiology and the Department of Radiation/Oncology;
- 17.33 ~~(14)~~ (16) the St. Peter Community Health Care Center;

18.1 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;  
 18.2 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; ~~and~~  
 18.3 (19) the Wheaton Community Hospital; and  
 18.4 ~~(17)~~ (20) the Worthington Regional Hospital.

18.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.6 Sec. 15. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

18.7 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a  
 18.8 governmental subdivision may submit a resolution from the governing body to the  
 18.9 executive director of the Public Employees Retirement Association which supports  
 18.10 providing coverage under this chapter for employees of that governmental subdivision  
 18.11 who are privatized, and which states that the governing body will pay for actuarial  
 18.12 calculations, as further specified in paragraph (c).

18.13 (b) The governing body must also provide a copy of any applicable purchase or  
 18.14 lease agreement and any other information requested by the executive director to allow the  
 18.15 executive director to verify that under the proposed employer change, the new employer  
 18.16 does not qualify as a governmental subdivision under section 353.01, subdivision 6,  
 18.17 making the employees ineligible for continued coverage as active members of the general  
 18.18 employees retirement plan of the Public Employees Retirement Association.

18.19 (c) Following receipt of a resolution and a determination by the executive director  
 18.20 that the new employer is not a governmental subdivision, the executive director shall  
 18.21 direct the consulting actuary retained under section 356.214 to determine whether the  
 18.22 general employees retirement plan of the Public Employees Retirement Association, if  
 18.23 coverage under this chapter is provided, is expected to receive a net gain or a net loss if  
 18.24 privatization occurs, ~~by determining whether~~. A net gain is expected if the actuarial  
 18.25 liability of the special benefit coverage provided under this chapter, if extended to the  
 18.26 applicable employees under the privatization, is less than the actuarial gain otherwise to  
 18.27 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special  
 18.28 benefit coverage provided under this chapter, if extended to the applicable employees  
 18.29 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The  
 18.30 date of the actuarial calculations used to make this determination must be within one year  
 18.31 of the effective date, as defined in section 353F.02, subdivision 3.

18.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.33 Sec. 16. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

19.1 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under  
19.2 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement  
19.3 plan of the Public Employees Retirement Association is expected due to the privatization,  
19.4 or if paragraph (c) applies, the executive director shall forward a recommendation and  
19.5 supporting documentation to the chair of the Legislative Commission on Pensions and  
19.6 Retirement, the chair of the Governmental Operations, Reform, Technology and Elections  
19.7 Committee of the house of representatives, the chair of the State and Local Government  
19.8 Operations and Oversight Committee of the senate, and the executive director of the  
19.9 Legislative Commission on Pensions and Retirement. The recommendation must be in  
19.10 the form of an addition to the definition of "medical facility" under section 353F.02,  
19.11 subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5,  
19.12 whichever is applicable. The recommendation must be forwarded to the legislature before  
19.13 January 15 for the recommendation to be considered in that year's legislative session. The  
19.14 recommendation may be included as part of public pension administrative legislation  
19.15 under section 356B.05.

19.16 (b) If a medical facility or other public employing unit listed under section 353F.02,  
19.17 subdivision 4 or 5, fails to privatize within one year of the final enactment date of the  
19.18 legislation adding the entity to the applicable definition, its inclusion under this chapter  
19.19 is voided, and the executive director shall include in the proposed legislation under  
19.20 paragraph (a) a recommendation that the applicable entity be stricken from the definition.

19.21 (c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the  
19.22 executive director shall forward a recommendation that the privatization be included as an  
19.23 addition under paragraph (a) if the chief clerical officer of the applicable governmental  
19.24 subdivision submits a resolution from the governing body specifying that a lump sum  
19.25 payment will be made to the executive director equal to the net loss, plus interest. The  
19.26 interest must be computed using the preretirement interest rate assumption under section  
19.27 356.215, expressed as a monthly rate, from the date of the actuarial valuation from which  
19.28 the actuarial accrued liability data was used to determine the net loss in the actuarial study  
19.29 under subdivision 1, to the date of payment, with annual compounding. Payment must be  
19.30 made on or after the effective date under section 353F.02.

19.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.32 Sec. 17. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

19.33 Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief  
19.34 administrative officer of a covered pension plan regarding a person's eligibility, benefits,

20.1 or other rights under the plan with which the person does not agree is subject to review  
20.2 under this section.

20.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.4 Sec. 18. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

20.5 Subd. 3. **Notice of determination.** If the applicable chief administrative officer  
20.6 denies an application or a written request, modifies a benefit, or terminates a benefit  
20.7 of a person claiming a right or potential rights under a covered pension plan, the chief  
20.8 administrative officer shall notify that person through a written notice containing:

20.9 (1) a statement of the reasons for the determination;

20.10 (2) a notice that the person may petition the governing board of the covered pension  
20.11 plan for a review of the determination and that a person's petition for review must be filed  
20.12 in the administrative office of the covered pension plan within 60 days of the receipt  
20.13 of the written notice of the determination;

20.14 (3) a statement indicating that a failure to petition for review within 60 days  
20.15 precludes the person from contesting in any other administrative review or court procedure  
20.16 the issues determined by the chief administrative officer; and

20.17 (4) a statement indicating that all relevant materials, documents, affidavits, and other  
20.18 records that the person wishes to be reviewed in support of the petition must be filed with  
20.19 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days  
20.20 before the date of the hearing under subdivision 10; and

20.21 ~~(5) a copy of this section.~~

20.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.23 Sec. 19. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is  
20.24 amended to read:

20.25 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2  
20.26 may petition for a review of that decision by the governing board of the covered pension  
20.27 plan.

20.28 (b) A petition under this section must be sent to the chief administrative officer by  
20.29 mail and must be postmarked no later than 60 days after the person received the notice  
20.30 required by subdivision 3. The petition must include the person's statement of the reason  
20.31 or reasons that the person believes the decision of the chief administrative officer should  
20.32 be reversed or modified. The petition may include all documentation and written materials  
20.33 that the petitioner deems to be relevant. In developing a record for review by the board

21.1 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct  
 21.2 that the applicant participate in a fact-finding session conducted by an administrative law  
 21.3 judge assigned by the Office of Administrative Hearings and, as applicable, participate in  
 21.4 a vocational assessment conducted by a qualified rehabilitation counselor on contract with  
 21.5 the applicable retirement system.

21.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.7 Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

21.8 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~  
 21.9 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative  
 21.10 officer must schedule a timely review of the petition before the governing board of the  
 21.11 covered pension plan. The review must be scheduled to take into consideration any  
 21.12 necessary accommodations to allow the petitioner to participate in the governing board's  
 21.13 review.

21.14 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief  
 21.15 administrative officer must provide by mail to the petitioner an acknowledgment of the  
 21.16 receipt of the person's petition and a follow-up notice of the time and place of the meeting  
 21.17 at which the governing board is scheduled to consider the petition and must provide a copy  
 21.18 of all relevant documents, evidence, summaries, and recommendations assembled by or  
 21.19 on behalf of the plan administration to be considered by the governing board.

21.20 (c) ~~Except as provided in subdivision 8, paragraph (c),~~ All documents and materials  
 21.21 that the petitioner wishes to be part of the record for review must be filed with the chief  
 21.22 administrative officer and must be received in the offices of the covered pension plan  
 21.23 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to  
 21.24 be heard.

21.25 (d) A petitioner; may request a continuance of a scheduled hearing if the request  
 21.26 is received by the chief administrative officer within ten calendar days of the scheduled  
 21.27 date of the applicable board meeting; ~~may request a continuance on a scheduled petition.~~  
 21.28 The chief administrative officer must reschedule the review within ~~60 days of the date~~  
 21.29 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to  
 21.30 any petitioner.

21.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.32 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

22.1 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and  
 22.2 affidavits in the possession of the covered pension plan of which the covered pension plan  
 22.3 desires to avail itself and be considered by the governing board, and all evidence which the  
 22.4 petitioner wishes to present to the governing board, including any evidence which would  
 22.5 otherwise be classified by law as "private," must be made part of the hearing record.

22.6 (b) ~~Not later than~~ The chief administrative officer must provide a copy of the record  
 22.7 to each member of the governing board at least seven days before the scheduled hearing  
 22.8 ~~date, the chief administrative officer must provide a copy of the record to each member~~  
 22.9 ~~of the governing board.~~

22.10 (c) ~~At least five days before the hearing, the petitioner may submit to the chief~~  
 22.11 ~~administrative officer, for submission to the governing board, Any additional document,~~  
 22.12 ~~affidavit, or other relevant information that was not initially submitted with the petition~~  
 22.13 the petitioner requests be part of the record may be admitted with the consent of the  
 22.14 governing board.

22.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.16 Sec. 22. Laws 2009, chapter 169, article 4, section 49, is amended to read:

22.17 Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND**  
 22.18 **CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS,**  
 22.19 **EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

22.20 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,  
 22.21 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and  
 22.22 356, to the contrary, this section establishes the procedures by which the executive  
 22.23 director of the Public Employees Retirement Association shall adjust erroneous employee  
 22.24 deductions and employer contributions paid on behalf of active employees and former  
 22.25 members by the city of Duluth ~~and~~<sub>2</sub> by the Duluth Airport Authority, and by the city  
 22.26 of Virginia on amounts determined by the executive director to be invalid salary under  
 22.27 Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997,  
 22.28 and October 23, 2008, and for adjusting benefits that were paid to former members and  
 22.29 their beneficiaries based upon invalid salary amounts.

22.30 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund  
 22.31 to active employees or former members who are not receiving retirement annuities or  
 22.32 benefits all erroneous employee deductions identified by the city of Duluth ~~or~~<sub>2</sub> by the  
 22.33 Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts  
 22.34 determined to be invalid salary. The refunds must include interest at the rate specified in

23.1 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee  
23.2 deduction was received through the date each refund is paid.

23.3 (b) The refund payment for active employees must be sent to the ~~applicable~~  
23.4 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~  
23.5 ~~to the active~~ home addresses of the members who are employees of the city of Duluth  
23.6 ~~or,~~ who are employees of the Duluth Airport Authority, or who are employees of the city  
23.7 of Virginia, as applicable.

23.8 (c) Refunds to former members must be mailed by the executive director of the  
23.9 Public Employees Retirement Association to the former member's last known address.

23.10 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a  
23.11 retirement annuity or disability benefit, or for a person receiving an optional annuity or  
23.12 survivor benefit, the executive director must:

23.13 (1) adjust the annuity or benefit payment to the correct monthly benefit amount  
23.14 payable by reducing the average salary under Minnesota Statutes, section 353.01,  
23.15 subdivision 17a, by the invalid salary amounts;

23.16 (2) determine the amount of the overpaid benefits paid from the effective date of  
23.17 the annuity or benefit payment to the first of the month in which the monthly benefit  
23.18 amount is corrected;

23.19 (3) calculate the amount of employee deductions taken in error on invalid salary,  
23.20 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,  
23.21 from the date each invalid employee deduction was received through the date the annuity  
23.22 or benefit is adjusted as provided under clause (1); and

23.23 (4) determine the net amount of overpaid benefits by reducing the amount of the  
23.24 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous  
23.25 employee deductions with interest determined in clause (3).

23.26 (b) If a former member's erroneous employee deductions plus interest determined  
23.27 under this section exceeds the amount of the person's overpaid benefits, the balance must  
23.28 be refunded to the person to whom the annuity or benefit is being paid.

23.29 (c) The executive director shall recover the net amount of all overpaid annuities or  
23.30 benefits as provided under subdivision 4.

23.31 Subd. 4. **Employer credits and obligations.** (a) The executive director shall  
23.32 provide a credit without interest to the city of Duluth ~~and,~~ to the Duluth Airport Authority,  
23.33 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's  
23.34 erroneous employer contributions. The credit must first be used to offset the net amount of  
23.35 the overpaid retirement annuities and the disability and survivor benefits that remains after  
23.36 applying the amount of erroneous employee deductions with interest as provided under

24.1 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,  
 24.2 if any, must be credited against future employer contributions required to be paid by  
 24.3 the applicable governmental subdivision. If the overpaid benefits exceed the employer  
 24.4 contribution credit, the balance of the overpaid benefits is the obligation of the city of  
 24.5 Duluth ~~or~~, the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

24.6 (b) The Public Employees Retirement Association board of trustees shall determine  
 24.7 the period of time and manner for the collection of overpaid retirement annuities and  
 24.8 benefits, if any, from the city of Duluth ~~and~~, the Duluth Airport Authority, and the city of  
 24.9 Virginia.

24.10 **EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after  
 24.11 the Duluth city council and the chief clerical officer of the city of Duluth timely complete  
 24.12 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for  
 24.13 members who are, and former members who were, employees of the city of Duluth.

24.14 (b) This section is effective for the Duluth Airport Authority the day after the Duluth  
 24.15 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely  
 24.16 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2  
 24.17 and 3, for members who are, and former members who were, employees of the Duluth  
 24.18 Airport Authority.

24.19 (c) This section is effective for the city of Virginia the day after the Virginia  
 24.20 city council and the chief clerical officer of the city of Virginia timely complete their  
 24.21 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members  
 24.22 who are, and former members who were, employees of the city of Virginia.

24.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.24 Sec. 23. Laws 2009, chapter 169, article 5, section 2, the effective date, is amended to  
 24.25 read:

24.26 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 24.27 and expires on June 30, ~~2011~~ 2014. Individuals must not be appointed to a postretirement  
 24.28 option position after that date.

24.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.30 Sec. 24. **REPEALER.**

24.31 (a) Minnesota Statutes 2008, sections 353.46, subdivision 1a; and 353D.03,  
 24.32 subdivision 2, are repealed.

25.1 (b) Minnesota Statutes 2008, section 353D.12, is repealed effective July 1, 2011.

25.2 **EFFECTIVE DATE.** This section is effective the day following final enactment.