

**S.F. 504**

(Betzold)

**H.F. 825**

(Murphy, M.)

**Executive Summary of Commission Staff Materials**

<i>Affected Pension Plan(s):</i>	PERA and Volunteer Fire Relief Associations
<i>Relevant Provisions of Law:</i>	Minnesota Statutes, Chapters 11A, 69, 356, and 424A; New Minnesota Statutes, Chapter 353G
<i>General Nature of Proposal:</i>	Creation of a Voluntary Statewide Lump-Sum Volunteer Firefighters Retirement Plan
<i>Date of Summary:</i>	March 2, 2009

**Specific Proposed Change(s)**

Creates a voluntary statewide lump-sum volunteer firefighter retirement plan to be administered by the Public Employees Retirement Association (PERA) and a voluntary statewide lump-sum volunteer firefighter retirement fund to be invested by the State Board of Investment that would provide 16 alternative lump sum per year of service service pension amounts, to be selected by the entity operating the volunteer fire department after receiving a cost estimate from PERA of the financial requirements of one or more potential benefit levels, with service pensions payable after the termination of active firefighting service, at or after age 50, with a partial benefit with five years of service credit and a full benefit with 20 years of service.

**Policy Issues Raised by the Proposed Legislation**

1. Reception by the volunteer fire community.
2. Appropriateness of restricting the statewide plan to lump-sum relief associations only.
3. Appropriateness of the administration of the statewide plan by PERA.
4. Appropriateness of utilizing an agent multiple employer retirement plan.
5. Appropriateness of crediting firefighting service based on "good time" service; role of fire department chiefs.
6. Appropriateness of continuing long vesting period before 100 percent accrued service pension is payable.
7. Appropriateness of potentially simplifying the investment transfer process.
8. Unclear role and purpose of the voluntary statewide lump-sum volunteer firefighter retirement plan advisory board.
9. Appropriateness of the composition of the advisory board.
10. Appropriateness of the lack of deferred service pension interest.
11. Reliance on rudimentary quasi-actuarial work.

**Potential Amendments****Technical Amendment**

**S0504-2A** clarifies the alternative service pension provision and the bylaws applicable to a deferred retiree covered by the statewide plan.

**PERA-Requested Amendment**

**S0504-1A** is an amendment requested by PERA to modify the manner in which annual funding requirements are to be determined.

**Other Substantive Amendments**

**S0504-3A** makes prior investment in the Minnesota Supplemental Investment Fund a precondition to transferring retirement coverage to the voluntary statewide plan.

**S0504-4A** adds additional volunteer firefighter representation to the statewide plan advisory board and requires regional firefighter representation.



TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Lawrence A. Martin, Executive Director *JAM*  
RE: S.F. 504 (Betzold); H.F. 825 (Murphy, M.): Volunteer Firefighters; Creation of a Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan  
DATE: March 2, 2009

General Summary of S.F. 504 (Betzold); H.F. 825 (Murphy, M.)

S.F. 504 (Betzold); H.F. 825 (Murphy, M.) amends portions of Minnesota Statutes, Chapters 11A, 69, 356, and 424A, proposes Minnesota Statutes, Chapter 353G, and proposes the creation of a voluntary statewide lump-sum volunteer firefighter retirement plan to be administered by the Public Employees Retirement Association (PERA) and a voluntary statewide lump-sum volunteer firefighter retirement fund to be invested by the State Board of Investment. The statewide plan would also have an advisory board drawn from local government associations and firefighting organizations. The statewide plan would provide 16 alternative lump sum per year of service service pension amounts, to be selected by the entity operating the volunteer fire department after receiving a cost estimate from PERA of the financial requirements of one or more potential benefit levels. Service pensions would be payable after the termination of active firefighting service, at or after age 50, with a partial benefit with five years of service credit and a full benefit with 20 years of service. No deferred service pension interest and no ancillary benefits other than a survivor benefit would be payable. For the initial five years after a fire department joins the plan, only a service pension equal to the pre-plan membership volunteer fire relief association service pension amount would be payable. Fire state aid related to the fire department would be transmitted to the statewide plan and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund to the credit of the applicable account to offset upcoming required funding requirements. Any unfunded actuarial accrued liability of an account is required to be amortized over a ten-year period. The funding requirements for the statewide plan would be prepared using an actuarial procedure developed by the consulting actuary retained by PERA and would be based on a six percent interest actuarial assumption rate. If coverage by the statewide plan is elected, the prior volunteer firefighters' relief association would be dissolved, with the assets and liabilities of the prior relief association transferred to the statewide plan.

Section-by-Section Summary

A section-by-section summary of S.F. 504 (Betzold); H.F. 825 (Murphy, M.) is attached.

Commission Staff Technical Amendment

**Amendment S0504-2A** is a technical amendment suggested by the Office of the State Auditor relating to the alternative service pension amount determination, applicable for the five years after a fire department elects statewide plan coverage, clarifying that for deferred members of a former volunteer fire relief association who are transferred to the statewide plan before drawing a service pension, the governing service pension provisions are the bylaws in effect on the transfer or the termination of firefighting services, whichever is earlier, and applies to total service credit.

Amendment Requested by PERA

**Amendment S0504-1A** is an amendment requested by the Public Employees Retirement Association (PERA) to modify the manner in which annual funding requirements are to be determined. An email from Dave DeJonge of PERA explains the rationale for the amendment.

Discussion and Analysis

S.F. 504 (Betzold); H.F. 825 (Murphy, M.) establishes a voluntary statewide lump-sum volunteer firefighter retirement plan as an alternative to or replacement for local relief associations, to be governed and administered by the Public Employees Retirement Association (PERA), and to provide a lump-sum service pension at age 50 with at least five years of good time service credit at the completion of a firefighting career as selected by the entity operating the volunteer fire department.

The proposed legislation raises several pension and related public policy issues for Commission consideration and potential discussion, as follows:

1. Attractiveness; Reception by the Volunteer Fire Community. The policy issue is the attractiveness of a statewide lump-sum volunteer firefighter retirement plan to the volunteer fire community and the reception that the plan is likely to have. Minnesota historically has utilized a decentralized public pension arrangement, especially for public safety employee retirement coverage. There are currently about 700 volunteer firefighter relief associations in the state, with most plans providing lump-sum service pensions. If there is not substantial interest in the volunteer fire community in replacing their local relief associations with the statewide retirement plan, the legislative effort consumed in enacting it and the administrative effort expended in establishing it may be substantially in vain. A statewide plan has the potential of greater investment efficiencies, has the potential for administrative economics of scale, could utilize a greater risk pool for funding eventual retirement benefits, and will provide pension portability for firefighters who may move from place to place across the state. The statewide plan notion also has engendered some controversy among firefighters in the past and may be viewed by some portion of the volunteer fire community as a threat. The Commission may wish to solicit testimony from representatives of the volunteer fire community about its likely reception statewide.
2. Appropriateness of Restricting the Statewide Plan to Lump-Sum Relief Associations Only. The policy issue is the appropriateness of the restriction of the proposed voluntary statewide volunteer firefighter retirement plan to the provision of lump-sum service pensions only. That restriction excludes the five current volunteer firefighter relief associations that provide only monthly service pensions and excludes most or all of the 18 combination (alternative lump-sum or monthly service pension) volunteer firefighter relief associations. It also would likely eliminate from potential coverage the 86 volunteer firefighter relief associations that provide defined contribution service pensions, which are paid in a lump sum, but are determined based solely on individual account balances. If the desirability from a policy standpoint of a statewide retirement plan lies in the large risk pool economics of scale and efficiencies that come with a statewide plan, those economies of scale and efficiencies also could benefit the members of monthly benefit, combination, and defined contribution volunteer firefighter relief associations. If there is a long-term goal with respect to monthly benefit, combination, and defined contribution relief associations on the part of the proponents of the statewide volunteer firefighter retirement plan, it may be helpful to the Commission in considering the potential retirement plan if those goals were revealed. If there is no intention to ever include other volunteer firefighter relief association types in potential coverage by the statewide volunteer firefighter retirement plan, the Commission may wish to request that the proponents of the plan indicate what improvements in the investment and administrative practices of monthly, combination, and defined contribution volunteer firefighter relief associations should be mandated or encouraged to make those relief associations function more efficiently and more economically.
3. Appropriateness of the Administration of the Statewide Plan by PERA. The policy issue is the appropriateness of assigning the responsibility of performing the administrative duties related to the proposed statewide volunteer firefighter retirement plan to the board and executive director of PERA. The PERA board and executive director currently manage three statewide retirement plans, the PERA General Employee Retirement Plan (PERA-General), the Public Employees Police and Fire Retirement Plan (PERA-P&F), and the PERA Local Government Correctional Employees Retirement Plan (PERA-Correctional) and also operate as the administration of Social Security coverage for public employees in Minnesota. PERA has experience in handling local public safety retirement plan consolidations, with 43 local police or paid firefighter relief associations consolidating into PERA between 1987 and 1998. The potential consolidation of almost 600 local volunteer firefighters' relief associations, with varying funded conditions, investment portfolios, financial capacities, and record retention practices, could consume considerable PERA staff time. The PERA board, historically oriented towards career public employees, may have some difficulty in focusing on the particular needs of volunteer firefighters and the nature of their service.
4. Appropriateness of Utilizing an Agent Multiple Employer Retirement Plan. The policy issue is the appropriateness of designing the new voluntary statewide lump-sum volunteer firefighter retirement plan as an agent multiple employer retirement plan rather than as a cost-sharing multiple employer retirement plan. An agent multiple employer retirement plan is an aggregation of single employer retirement plans, with pooling limited to assets for investment and to plan administration, but with separate accounts for each employer/coverage group and separate benefit determinations, asset accumulations, actuarial liability calculations, and funding costs. An agent multiple employer retirement plan is in contrast to a cost-sharing multiple employer retirement plan, where there is a single retirement plan, a single retirement fund, and the pooling of all liabilities and funding costs and the sharing of the resulting liabilities and funding costs among all employers/coverage groups. The three statewide retirement plans administered by PERA are all cost-sharing multiple employer retirement plans, although the 43 former local police and paid fire firefighter consolidation accounts previously administered by PERA were part of an agent multiple employer retirement arrangement until the 1999 merger, which folded the various accounts into a cost-sharing multiple employer

retirement plan, PERA-P&F. Agent plans rather than cost-sharing plans make benefit portability more difficult to achieve, lose considerable potential economies from pooling, and increase the administrative complexity of the retirement system. If the goal of the statewide plan is to gain significant economies and maximize the benefit to be obtained from the current flow of fire state aid, the choice of an agent retirement plan rather than a cost-sharing retirement plan largely replicates the inefficiencies of the current volunteer firefighters' relief association structure and is at variance with the apparent statewide plan goal.

5. Appropriateness of Crediting Firefighting Service Based on "Good Time" Service; Role of Fire Department Chiefs. The policy issue is the appropriateness of basing service credit for firefighters covered by the statewide retirement plan on undefined "good time" as certified by the fire chief of each fire department. "Good time" is not a statutory term of art, but apparently is a recognized concept in the fire service. The certification of "good time" is to be based on the particular requirements of the fire department, but the person or entity in or associated with the fire department who would be setting those requirements is not specified and is not clear. For municipal fire departments, it is not clear whether or not the municipal governing body has any role in setting "good time" requirements. For fire departments that are not associated with one municipality, the body empowered to set the requirements is wholly unclear. The "good time" certifications would be required annually, although service credit in the proposed legislation is contemplated to be provided monthly. The reporting requirements that fire departments and fire chiefs would have to adhere to in certifying "good time" are not specified. The extent of judgment to be employed by the fire chief in certifying good time service and the extent to which a particular fire chief could substitute personal opinion for other methods of documenting service is an open question.
6. Appropriateness of Continuing Long Vesting Period Before 100 Percent Accrued Service Pension is Payable. The policy issue is the appropriateness of the retention of a feature of the current volunteer firefighters' relief association benefit provisions, the vesting schedule, that only provides the full service pension amount with 20 years of service credit. The lengthy vesting schedule, providing 40 percent of the accrued benefit with five years of service credit and scaling up four percent per year until reaching 100 percent at 20 years, promotes the retention of firefighters for future service once they have five years of service, but may discourage the recruitment of new firefighters because of the lengthy commitment of time needed to obtain the full benefit. For defined contribution volunteer firefighter relief associations, a shorter vesting period currently is permitted, which was a modification made at the request of representatives of those relief associations. The creation of a new pension plan provides an opportunity to reconsider whether or not very long vesting periods used historically are still beneficial in recruiting and retaining volunteer firefighters.
7. Appropriateness of Potentially Simplifying the Investment Transfer Process. The policy issue is the potential problem involved in handling asset transfers accompanying statewide retirement plan coverage elections and the appropriateness of the addition of a procedure to simplify the investment transfer process. Under the proposed legislation, a municipality or other fire department operator can elect a retirement coverage change for its firefighters after receiving a cost estimate for the coverage change, but the assets of the volunteer firefighters' relief association associated with that fire department need to be reviewed and scrutinized if the relief association holds securities that are not permitted or are inappropriate for the State Board of Investment. The review process slows the coverage change approval process and the liquidation of impermissible or inappropriate investment securities could impede or threaten the coverage change if liquidation is problematic. The process of considering a coverage change under the document could be made easier if any fire department considering a coverage change would be required to invest all of the volunteer firefighters' relief association assets in the special statewide lump-sum volunteer firefighter account in the Minnesota Supplemental Investment Fund in advance of initiating the coverage change election process, thereby eliminating the need for the investment review and the adverse consequences of any mandated liquidation.

**Amendment S0504-3A** requires the volunteer fire relief association associated with a fire department electing a retirement coverage change to invest in the Minnesota Supplemental Investment Fund as a precondition.

8. Unclear Role and Purpose of the Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan Advisory Board. The policy issue is the lack of clarity about the role and purpose of the voluntary statewide lump-sum volunteer firefighter advisory board in the proposed legislation. The advisory board is given the charge to "provide advice to the board of trustees of the Public Employees Retirement Association about the retirement coverage needs of volunteer firefighters who are members of the plan and about the legislative and administrative changes that would assist the retirement plan in accommodating volunteer firefighters who are not members of the plan." The advisory board is not required to meet any minimum number of times and the PERA board is not

mandated to meet with the advisory board. Thus, the advisory board is intended to be an information conduit to the PERA board, but the advisory board is not the only (or even the best) information conduit, never is required to function as an entity, and is not guaranteed that its advice will ever reach the PERA board. As time passes, the need for the information transmission would likely be reduced, thus reducing the need for an advisory board. If the proponents of the statewide plan have a clear idea of the short-term and long-term purpose and function of the advisory board, the proposed legislation would be improved if the advisory board's role and function were more clearly delineated.

9. Appropriateness of the Composition of the Advisory Board. The policy issue is the appropriateness of the composition of the voluntary statewide lump-sum volunteer firefighter retirement plan advisory board. The advisory board has seven members, three representing employers of volunteer firefighters, one representing the fire chiefs, two representing volunteer firefighters, and one representing the Office of the State Auditor. If the advisory board exists wholly or primarily as a conduit for information about firefighters' pension needs, the employer representation on the board is disproportionately large and the inclusion of a representative of the Office of the State Auditor seems inconsistent. More representation of volunteer firefighters and the addition of a requirement for some geographic diversity of advisory board members who are volunteer firefighters would seem to serve an information-gathering and transmission function better. The proponents of the current retirement plan design could be requested by the Commission to clarify their view of the ongoing role and function of the advisory board and to indicate how the advisory board composition emphasizes and advances that role and function.

**Amendment S0504-4A** adds at least one additional active volunteer firefighter to the advisory board and requires at least three non-metropolitan active firefighter representatives, with at least one from the southern portion of the state, at least one from the western portion of the state, and at least one from the northern portion of the state.

10. Appropriateness of the Lack of Deferred Service Pension Interest. The policy issue is the appropriateness of omitting from the voluntary statewide lump-sum volunteer firefighter retirement plan a feature common to volunteer firefighters' relief association benefit plans, the crediting of interest on deferred lump-sum service pensions. A firefighter who terminates active service prior to age 50 with at least five years of good time service credit will be eligible to receive the volunteer firefighter retirement plan service credit on or after attaining age 50, but the amount of the service pension will not be larger than it was when active service ended, even if the deferral period is 10 or 15 years long. Although the volunteer fire community had little apparent interest in encouraging firefighters to terminate active firefighting before age 50 and to take a deferred service pension in the 1970s, changes in society at large and in the volunteer fire community since the 1970s appear to have created a substantial interest in retaining adequacy and value in deferred service pensions. The lack of any interest to be credited to deferred service pensions appears to be a significant omission in the new retirement plan and may dissuade various fire departments from joining the new statewide retirement plan.
11. Reliance on Rudimentary Quasi-Actuarial Work. The policy issue is the appropriateness of not requiring regular actuarial valuation liability and funding requirement determinations for the statewide plan and the reliance on rudimentary quasi-actuarial work. As formulated by PERA, apparently to reduce the administrative expense of the new plan, actuarial valuations of the new statewide plan would occur periodically, if the PERA board elected to have a valuation made, and the funded condition and ongoing funding contribution requirements of the plan are to be determined by the PERA administration staff based on procedures to be developed by, and certified as accurate by, the consulting actuary retained by PERA, using a six percent interest assumption as the sole actuarial assumption. In doing so, PERA is recommending to replicate the broad design of the current volunteer fire relief association lump-sum relief association funded condition and funding requirements process, developed by the consulting actuary retained by the Legislative Commission on Pensions and Retirement in 1970 and incorporated into Minnesota Statutes, Section 69.772. In the PERA-sponsored amendment, Amendment S0504-1A, developed with the assistance of the Office of the State Auditor, the specificity of that broad design is further streamlined, placing hopes for the adequacy of the actual funding cost determinations on the care and competence of the PERA consulting actuary rather than statutory regulation of the actuary's function. In either event, the resulting process is likely to sacrifice precision and accuracy for currently unknown or inestimable administrative expense savings. Since generally accepted accounting principles require periodic actuarial valuation for defined benefit plans, this reliance on rudimentary quasi-actuarial work may cause an exception note in future PERA Comprehensive Annual Financial Reports by the Legislative Auditor.

## Section-By-Section Summary of S.F. 504 (Betzold); H.F. 825 (Murphy, M.)

Sec.	Pg.Ln	Topic	Statutory Provision	Summary
1	1.9	State Board of Investment	11A.17, Subd. 1	Creates an eighth account within the supplemental investment fund for investment of the voluntary statewide lump-sum volunteer firefighter retirement plan and also available for various volunteer firefighters' relief associations. Adds to headnote a more accurate reflection of contents.
2	1.19	State Board of Investment	11A.17, Subd. 2	Provides for the investment of the voluntary statewide lump-sum volunteer firefighter retirement plan in the supplemental investment fund and requires plan investments in the special statewide lump-sum volunteer firefighter account.
3	2.8	Fire State Aid	69.011, Subd. 1	Defines the term "voluntary statewide lump-sum volunteer firefighter retirement plan" for the fire state aid program.
4	4.8	Fire State Aid	69.011, Subd. 2	Provides that for municipalities participating in the voluntary statewide lump-sum volunteer firefighter retirement plan, the Executive Director of the Public Employees Retirement Association (PERA) will certify the existence of that retirement coverage for each municipality, with the applicable municipal clerk and fire chief responsible for certifying fire personnel and fire department equipment.
5	5.15	Fire State Aid	69.011, Subd. 4	Clarifies that municipalities with firefighters covered by the voluntary statewide lump-sum volunteer firefighter retirement plan are subject to the same fire department personnel and equipment requirements as applicable to other municipalities and fire departments.
6	6.7	Fire State Aid	69.011, Subd. 7	Provides that municipalities participating in the voluntary statewide lump-sum volunteer firefighter retirement plan are eligible for a minimum fire state aid allocation, based on the number of firefighters applicable to the municipality, up to 30 firefighters, and provides for the payment of fire state aid for municipalities participating in the voluntary statewide lump-sum volunteer firefighter retirement plan to the statewide plan and credited to the municipality.
7	8.5	Fire State Aid	69.021, Subd. 9	Includes the voluntary statewide lump-sum volunteer firefighter retirement plan in the entities entitled to appeal state aid apportionments.
8	8.13	Fire State Aid	69.031, Subd. 1	Provides for the issuance of warrants to PERA for fire state aid payable with respect to participants in the voluntary statewide lump-sum volunteer firefighter retirement plan.
9	8.25	Fire State Aid	69.031, Subd. 5	Provides for the deposit of fire state aid directly to the voluntary statewide lump-sum volunteer firefighter retirement plan to the credit of the applicable municipality.
10	10.34	Statewide Volunteer Fire Plan	New 353G.01	Defines the terms "advisory board," "board," "commissioner of finance," "executive director," "fund," "good time service credit," "member," "municipality," "plan," "retirement fund," "retirement plan," "standards for actuarial work," "state board of investment," and "volunteer firefighter." "Good time service credit" means the length of service credit for an active firefighter as reported by the respective fire chief based on the minimum firefighter activity standards of the fire department, either monthly or annually. "Member" is a volunteer firefighter who provides active service to a fire department where coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan has been elected and where the service is covered by the retirement plan. "Volunteer firefighter" means a person who is an active department member and, in that capacity, engages in fire suppression, emergency response, fire education, or fire prevention on an on-call basis.
11	12.6	Statewide Volunteer Fire Plan	New 353G.02	Creates the voluntary statewide lump-sum volunteer firefighter retirement plan and fund, administered by PERA, invested by the State Board of Investment, audited by the Legislative Auditor, and represented by the Attorney General.
12	13.13	Statewide Volunteer Fire Plan	New 353G.03	Creates an advisory board to advise the PERA board about the retirement coverage needs of and accommodations for volunteer firefighters. The advisory board consists of a Minnesota Association of Townships appointee, two League of Minnesota Cities appointees, a Minnesota State Fire Chiefs Association appointee, two Minnesota State Fire Departments Association appointees, and an Office of the State Auditor representative. The terms of the appointees are staggered and, after the initial set of appointments, are for three years. The compensation of advisory board members is governed under the state advisory panel provisions.
13	14.11	Statewide Volunteer Fire Plan	New 353G.04	Requires municipal and fire department chief executive officers to provide all relevant information and records requested by the PERA board, the PERA executive director, or the State Board of Investment.



Sec.	Pg.Ln	Topic	Statutory Provision	Summary
14	14.17	Statewide Volunteer Fire Plan	New 353G.05	Allows municipalities and independent nonprofit firefighting corporations to elect to have coverage for their volunteer firefighters provided by the voluntary statewide lump-sum volunteer firefighter retirement plan. The process is initiated jointly by a cost analysis request by the chief administrative officer of the municipality and the volunteer firefighters' relief association secretary if the volunteer firefighters are covered by a volunteer firefighters' relief association, or a request from the chief administrative officer of the entity operating the fire department if no volunteer firefighters' relief association exists. The cost analysis would be based on the service pension level closest to the service pension amount provided by the volunteer firefighters' relief association, rounded up, if there is a volunteer firefighters' relief association, or the lowest service pension level if there is no volunteer firefighters' relief association, and any other potential service pension levels designated in the request and would be prepared using a mathematical procedure established by the consulting actuary retained by PERA. The cost analysis will be based on the financial and demographic information available from the Office of the State Auditor if there is a volunteer firefighters' relief association or supplied by the chief administrative officer of the entity operating the fire department. The cost analysis request also triggers a review by the State Board of Investment for conformity with Minnesota Statutes, Chapter 11A, and for compliance with board investment policy. Once a cost analysis is provided, the municipality or independent nonprofit firefighting corporation has 90 days to approve or disapprove the retirement coverage change. If approved, the retirement coverage change is effective on the next following January 1.
15	16.4	Statewide Volunteer Fire Plan	New 353G.06	If a retirement coverage change to the voluntary statewide lump-sum volunteer firefighter retirement plan is approved, on the December 31 before the coverage change, the special fund of the applicable volunteer firefighters' relief association ceases to exist and legal title to the special fund transfers to the State Board of Investment, with beneficial title to those assets remaining with the applicable volunteer firefighters. If the asset value declines in the interval before the transfer of title, the applicable municipality must transfer an amount equal to the investment loss. After the retirement coverage change, the volunteer firefighters' relief association may continue as a fraternal entity with a board of trustees of five (fire chief plus four elected active firefighters), but may only maintain a general fund, may not receive any municipal funds or state aid, and may not pay any retirement benefit not authorized for the general fund before the coverage change process began. The statewide plan becomes the successor in interest to the prior volunteer fire relief association special fund for all claims except for fiduciary actions not taken in good faith and constituting a breach.
16	17.17	Statewide Volunteer Fire Plan	New 353G.07	Good time service credit by active firefighters is certified by the applicable fire chief annually, by March 31. Active firefighters must be notified of their good time service credit determination by the fire chief, which the firefighter can challenge at a public hearing with the fire chief. If the fire chief's final determination is contested by the firefighter, it is not reviewable by PERA. The good time certification is a public document and a false certification or the provision of false information in connection with the certification has the same penalty as the provision of false information to PERA under Minnesota Statutes, Section 353.19. The good time certification is a percentage of a full year that represents the portion of a year undertaking firefighter activities, up to 100 percent in a calendar year. If a firefighter renders military service under the federal Uniformed Service Employment and Reemployment Rights Act (USERRA), the person receives a full year of good time service credit unless the person does not return to firefighting service in a timely fashion, whereupon the good time credit cancels.
17	18.20	Statewide Volunteer Fire Plan	New 353G.08	The funding requirements of each volunteer firefighter account in the voluntary statewide lump-sum volunteer firefighter retirement fund will be determined annually by PERA, consisting of the account's annual accruing liability, the proportional portion of the plan's administrative expenses, and the account's amortization contribution, set at one-tenth of the unfunded actuarial accrued liability of the account. The required contribution of the entity associated with the covered fire department is the amount of the funding requirements in excess of the most recent fire state aid amount attributable to the fire department. Unpaid required contributions are subject to the regular collection procedures of the PERA.

Sec.	Pg.Ln	Topic	Statutory Provision	Summary
18	19.21	Statewide Volunteer Fire Plan	New 353G.09	Volunteer firefighters who separate from active fire department service for at least 30 days, are at least age 50, and have at least five years of good time service credit may apply for a benefit. Firefighters are partially vested for a service pension with five years of good time service credit and are fully vested for a service pension with at least 20 years of good time service credit. For plan members who retire before rendering at least five years of service under the statewide plan, a service pension at the cost benefit level of the prior volunteer fire relief association is payable as an alternative.
19	20.37	Statewide Volunteer Fire Plan	New 353G.10	Volunteer firefighters who otherwise qualify for a service pension but who are under age 50 when terminating active fire department service are entitled to a deferred service pension, based on the service pension vesting schedule, and payable without any interest over the deferral period.
20	21.9	Statewide Volunteer Fire Plan	New 353G.11	The retirement plan will offer 16 levels of service pension, from a low of \$500 per year of good time service credit to a high of \$7,500 per year of good time service credit. Annually, after obtaining a cost estimate from PERA for a new service pension level, the governing body of the entity operating the fire department may approve the selection of a higher service pension level. Retiring volunteer firefighters also qualify for the 1988 state supplemental lump-sum benefit. The voluntary statewide lump-sum volunteer firefighter retirement plan does not pay any ancillary benefits other than a survivor benefit.
21	22.3	Statewide Volunteer Fire Plan	New 353G.12	If an active member or a deferred member of the plan dies before receiving a service pension from the plan, the survivor of the member is entitled to receive a survivor benefit equal to the service pension that would have been payable to the member at age 50.
22	22.12	Statewide Volunteer Fire Plan	New 353G.13	A volunteer firefighter with two or more periods of firefighting service covered by the voluntary statewide lump-sum volunteer firefighter retirement plan totaling at least five years of good time service credit is eligible to receive a combined service pension based on all periods, with the total benefit amount consisting of the service pension levels for the applicable lengths of service.
23	22.28	Statewide Volunteer Fire Plan	New 353G.14	In lieu of direct receipt of a lump-sum service pension, a retiring volunteer firefighter may request that the voluntary statewide lump-sum volunteer firefighter retirement plan purchase an annuity contract from an insurance company so long as the insurance company is licensed to do business in Minnesota and the initial annuity payments do not begin before age 50.
24	23.5	Statewide Volunteer Fire Plan	New 353G.15	In lieu of direct receipt of a lump-sum service pension, a retiring volunteer firefighter who is at least age 50 may elect to have the service pension amount transferred on an institution-to-institution basis to an individual retirement account.
25	23.16	Statewide Volunteer Fire Plan	New 353G.16	The voluntary statewide lump-sum volunteer firefighter retirement plan is covered by the general provision exempting retirement funds from garnishment, attachment, and other legal process.
26	23.18	Statewide Volunteer Fire Plan	356.20, Subd. 2	Adds the voluntary statewide lump-sum volunteer firefighter retirement plan to the list of retirement plans covered by the annual public pension plan financial reporting requirement.
27	24.12	Statewide Volunteer Fire Plan	356.401, Subd. 3	Adds the voluntary statewide lump-sum volunteer firefighter retirement plan to the general exemption from legal process provision.
28	25.12	Statewide Volunteer Fire Plan	356.96, Subd. 1	Includes the voluntary statewide lump-sum volunteer firefighter retirement plan to the covered pension plan designation for the general pension plan appeal procedure provision.
29	25.29	Statewide Volunteer Fire Plan	424A.10, Subd. 1	Augments the definition of "qualified recipient" for the 1988 state supplemental lump-sum volunteer firefighter benefit by including service pension recipients from the voluntary statewide lump-sum volunteer firefighter retirement plan.
30	26.15	Statewide Volunteer Fire Plan	424A.10, Subd. 2	Includes the voluntary statewide lump-sum volunteer firefighter retirement plan service pension recipients in the 1988 state supplemental benefit payment provision.
31	27.6	Statewide Volunteer Fire Plan	424A.10, Subd. 3	Includes the voluntary statewide lump-sum volunteer firefighter retirement plan in the 1988 state supplemental benefit state reimbursement provision.
32	27.33		Effective Date	The proposed legislation is effective on August 1, 2009.



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**From:** Dave.Dejonge@state.mn.us  
**Sent:** Tuesday, February 24, 2009 10:22 AM  
**To:** Larry Martin  
**Subject:** Amendments to SF 504  
**Attachments:** Amendments to SF 504.doc

Larry,

Mary asked me to send this document to you. We reviewed the Voluntary Statewide Volunteer Firefighter Plan with the State Auditor's office, and they had a few concerns based on their in-depth knowledge of how things work today. We made changes to the language, but we are not nearly as good as you are at writing legislation. Hopefully you will understand the concept of what we're attempting to change and will be able to write an amendment to S.F. 504.

The bulk of the change is in Section 17. Existing language states that funding requirements must be determined using a procedure developed and certified by an approved actuary, but then the procedure is defined in the following sentences. We removed the detail procedure, but kept the high level shell...we need to determine expected assets and expected liabilities as of the end of the year. If there's a surplus or an unfunded liability at the end of the year, 1/10 of that is used to adjust required contributions, much like occurs today. We also added a due date for the required contributions. By August 1 PERA will determine required contributions for the following year, and those contributions must be paid by the end of that following year. If they are not paid by December 31st, it becomes payable with interest.

In item #3 (lines 20.32 - 20.36) we were concerned that existing language does not take into consideration the case when a deferred member defers while the benefit is at one level, then the entity changes benefit levels. Existing language states all members would be paid whatever the benefit level was at when the relief association moves into PERA. We tried to adjust the language to say the member would receive the benefit level they were entitled to receive when the relief association moves into PERA.

As always, thanks for your help.

<<Amendments to SF 504.doc>>

1.1 ..... moves to amend S.F. No. 504; H.F. No. 825, as follows:

1.2 Page 7, line 25, delete "and the state auditor"

1.3 Page 18, line 21, after "Annually," insert "on or before August 1,"

1.4 Page 18, line 22, delete "on"

1.5 Page 18, line 23, delete "or before August 1"

1.6 Page 18, line 26, delete ", without any decrement assumptions" and after the period  
1.7 insert "The total projected accrued liability for all active and deferred members of the  
1.8 account as of December 31 of the current year must be calculated. The total projected  
1.9 market value of assets as of December 31 of the current year must be calculated."

1.10 Page 18, line 27, delete everything after "(b)" and insert "If the total projected  
1.11 accrued liability for an account in the plan exceeds the total projected market value of  
1.12 assets for that account as of December 31 of the current year, the financial requirements  
1.13 will be increased by an amount equal to one-tenth of the deficit from full funding of  
1.14 the account."

1.15 Page 18, delete lines 28 to 34

1.16 Page 19, delete lines 1 to 6 and insert:

1.17 "(c) If the total projected accrued liability for an account in the plan is less than the  
1.18 total projected market value of assets for that account as of December 31 of the current  
1.19 year, the financial requirements will be decreased by an amount equal to one-tenth of the  
1.20 surplus from full funding of the account."

1.21 Page 19, line 7, delete "(c)" and insert "(d)"

1.22 Page 19, line 12, delete "final" and after "budget." insert "The required contribution  
1.23 calculated by August 1 of the current year is due by December 31 of the following year.  
1.24 If the contribution is not received by the Public Employees Retirement Association by  
1.25 December 31, it is payable with interest at an annual compound rate of six percent from  
1.26 the date due until the date payment is received by the association."

1.27 Page 19, line 15, delete "(d)" and insert "(e)"

1.28 Page 20, line 32, delete everything after "(b)" and insert "The alternative lump-sum  
1.29 service pension is the annual service pension amount the firefighter was entitled to as of  
1.30 the date immediately before the election of the retirement coverage change, multiplied  
1.31 by the total number of years of service as a member of that volunteer firefighters' relief  
1.32 association and the applicable account in the retirement plan."

1.33 Page 20, delete lines 33 to 36

- 1.1 ..... moves to amend S.F. No. 504; H.F. No. 825, as follows:
- 1.2 Page 20, line 33, after "association" insert "either"
- 1.3 Page 20, line 34, after "change" insert "or as of the date immediately before the
- 1.4 termination of firefighting services, whichever is earlier,"
- 1.5 Page 20, line 36, delete "or" and insert "and"

1.1 ..... moves to amend S.F. No. 504; H.F. No. 825, as follows:

1.2 Page 14, line 19, after "plan." insert "If the municipality or independent nonprofit  
1.3 firefighting corporation is associated with a volunteer firefighters relief association,  
1.4 the volunteer firefighters relief association must have all of its assets invested in the  
1.5 Minnesota supplemental investment fund under section 11A.17 as a precondition for  
1.6 making the election under this section."

1.1 ..... moves to amend S.F. No. 504; H.F. No. 825, as follows:

1.2 Page 13, line 22, delete "seven" and insert "....."

1.3 Page 13, line 30, delete "two" and insert "....."

1.4 Page 13, line 31, after "Association" insert ", with at least one active volunteer  
1.5 firefighter residing at least 50 miles south, southeast, or southwest of St. Paul, with at least  
1.6 one active volunteer firefighter residing at least 50 miles west of St. Paul, and with at least  
1.7 one active volunteer firefighter residing at least 50 miles north or northwest of St. Paul"

Senator Betzold introduced-

S.F. No. 504: Referred to the Committee on State and Local Government Operations and Oversight.

1.1 A bill for an act  
 1.2 relating to retirement; creating a voluntary statewide lump-sum volunteer  
 1.3 firefighter retirement plan; making conforming changes; amending Minnesota  
 1.4 Statutes 2008, sections 11A.17, subdivisions 1, 2; 69.011, subdivisions 1, 2,  
 1.5 4; 69.021, subdivisions 7, 9; 69.031, subdivisions 1, 5; 356.20, subdivision 2;  
 1.6 356.401, subdivision 3; 356.96, subdivision 1; 424A.10, subdivisions 1, 2, 3;  
 1.7 proposing coding for new law as Minnesota Statutes, chapter 353G.

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

1.9 Section 1. Minnesota Statutes 2008, section 11A.17, subdivision 1, is amended to read:

1.10 Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the  
 1.11 supplemental investment fund is to provide an investment vehicle for the assets of various  
 1.12 public retirement plans and funds.

1.13 (b) The fund consists of ~~seven~~ eight investment accounts: an income share account,  
 1.14 a growth share account, an international share account, a money market account, a fixed  
 1.15 interest account, a bond market account, ~~and~~ a common stock index account, and a  
 1.16 statewide lump-sum volunteer firefighter account.

1.17 (c) The supplemental investment fund is a continuation of the supplemental  
 1.18 retirement fund in existence on January 1, 1980.

1.19 Sec. 2. Minnesota Statutes 2008, section 11A.17, subdivision 2, is amended to read:

1.20 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund ~~shall~~ consist  
 1.21 of the money certified and transmitted to the state board from the participating public  
 1.22 retirement plans and funds ~~or~~, from the board of the Minnesota State Colleges and  
 1.23 Universities under section 136F.45, and from the voluntary statewide lump-sum volunteer  
 1.24 firefighter retirement plan under section 353G.08.



2.1 (b) With the exception of the assets of the voluntary statewide lump-sum volunteer  
 2.2 firefighter retirement fund, the assets must be used to purchase investment shares in  
 2.3 the investment accounts as specified by the plan or fund. The assets of the voluntary  
 2.4 statewide lump-sum volunteer firefighter retirement fund must be invested in the statewide  
 2.5 lump-sum volunteer firefighter account.

2.6 (c) These accounts must be valued at least on a monthly basis but may be valued  
 2.7 more frequently as determined by the State Board of Investment.

2.8 Sec. 3. Minnesota Statutes 2008, section 69.011, subdivision 1, is amended to read:

2.9 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a  
 2.10 different meaning is intended, the following words and terms shall for the purposes of this  
 2.11 chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

2.12 (a) "Commissioner" means the commissioner of revenue.

2.13 (b) "Municipality" means:

2.14 (1) a home rule charter or statutory city;

2.15 (2) an organized town;

2.16 (3) a park district subject to chapter 398;

2.17 (4) the University of Minnesota;

2.18 (5) for purposes of the fire state aid program only, an American Indian tribal  
 2.19 government entity located within a federally recognized American Indian reservation;

2.20 (6) for purposes of the police state aid program only, an American Indian tribal  
 2.21 government with a tribal police department which exercises state arrest powers under  
 2.22 section 626.90, 626.91, 626.92, or 626.93;

2.23 (7) for purposes of the police state aid program only, the Metropolitan Airports  
 2.24 Commission with respect to peace officers covered under chapter 422A; and

2.25 (8) for purposes of the police state aid program only, the Department of Natural  
 2.26 Resources and the Department of Public Safety with respect to peace officers covered  
 2.27 under chapter 352B.

2.28 (c) "Minnesota Firetown Premium Report" means a form prescribed by the  
 2.29 commissioner containing space for reporting by insurers of fire, lightning, sprinkler  
 2.30 leakage and extended coverage premiums received upon risks located or to be performed  
 2.31 in this state less return premiums and dividends.

2.32 (d) "Firetown" means the area serviced by any municipality having a qualified fire  
 2.33 department or a qualified incorporated fire department having a subsidiary volunteer  
 2.34 firefighters' relief association.

3.1 (e) "Market value" means latest available market value of all property in a taxing  
3.2 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem  
3.3 taxation obtained from information which appears on abstracts filed with the commissioner  
3.4 of revenue or equalized by the State Board of Equalization.

3.5 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the  
3.6 commissioner for reporting by each fire and casualty insurer of all premiums received  
3.7 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,  
3.8 during the preceding calendar year, with reference to insurance written for insuring against  
3.9 the perils contained in auto insurance coverages as reported in the Minnesota business  
3.10 schedule of the annual financial statement which each insurer is required to file with  
3.11 the commissioner in accordance with the governing laws or rules less return premiums  
3.12 and dividends.

3.13 (g) "Peace officer" means any person:

3.14 (1) whose primary source of income derived from wages is from direct employment  
3.15 by a municipality or county as a law enforcement officer on a full-time basis of not less  
3.16 than 30 hours per week;

3.17 (2) who has been employed for a minimum of six months prior to December 31  
3.18 preceding the date of the current year's certification under subdivision 2, clause (b);

3.19 (3) who is sworn to enforce the general criminal laws of the state and local  
3.20 ordinances;

3.21 (4) who is licensed by the Peace Officers Standards and Training Board and is  
3.22 authorized to arrest with a warrant; and

3.23 (5) who is a member of a local police relief association to which section 69.77  
3.24 applies, the State Patrol retirement plan, the public employees police and fire fund, or the  
3.25 Minneapolis Employees Retirement Fund.

3.26 (h) "Full-time equivalent number of peace officers providing contract service" means  
3.27 the integral or fractional number of peace officers which would be necessary to provide  
3.28 the contract service if all peace officers providing service were employed on a full-time  
3.29 basis as defined by the employing unit and the municipality receiving the contract service.

3.30 (i) "Retirement benefits other than a service pension" means any disbursement  
3.31 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

3.32 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person  
3.33 who was elected or appointed to the specified position or, in the absence of the person,  
3.34 another person who is designated by the applicable governing body. In a park district,  
3.35 the clerk is the secretary of the board of park district commissioners. In the case of the  
3.36 University of Minnesota, the clerk is that official designated by the Board of Regents.

4.1 For the Metropolitan Airports Commission, the clerk is the person designated by the  
 4.2 commission. For the Department of Natural Resources or the Department of Public Safety,  
 4.3 the clerk is the respective commissioner. For a tribal police department which exercises  
 4.4 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person  
 4.5 designated by the applicable American Indian tribal government.

4.6 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the  
 4.7 retirement plan established by chapter 353G.

4.8 Sec. 4. Minnesota Statutes 2008, section 69.011, subdivision 2, is amended to read:

4.9 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage  
 4.10 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in  
 4.11 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction  
 4.12 with the financial report required pursuant to section 69.051, the clerk of each municipality  
 4.13 having a duly organized fire department as provided in subdivision 4, or the secretary of  
 4.14 each independent nonprofit firefighting corporation having a subsidiary incorporated  
 4.15 firefighters' relief association whichever is applicable, and the fire chief, shall jointly  
 4.16 certify the existence of the municipal fire department or of the independent nonprofit  
 4.17 firefighting corporation, whichever is applicable, which meets the minimum qualification  
 4.18 requirements set forth in this subdivision, and the fire personnel and equipment of the  
 4.19 municipal fire department or the independent nonprofit firefighting corporation as of the  
 4.20 preceding December 31.

4.21 (b) Where retirement coverage is provided by the voluntary statewide lump-sum  
 4.22 volunteer firefighter retirement plan, the executive director of the Public Employees  
 4.23 Retirement Association shall certify the existence of that coverage for each municipality  
 4.24 and the municipal clerk or independent nonprofit firefighting corporation secretary,  
 4.25 whichever applies, and the applicable fire chief shall certify the fire personnel and fire  
 4.26 department equipment as of the preceding December 31.

4.27 (c) Certification shall must be made to the commissioner on a form prescribed  
 4.28 by the commissioner and shall include any other facts the commissioner may require.  
 4.29 The certification shall must be made to the commissioner in duplicate. Each copy of the  
 4.30 certificate shall must be duly executed and is deemed to be an original. The commissioner  
 4.31 shall forward one copy to the auditor of the county wherein the fire department is located  
 4.32 and shall retain one copy.

4.33 ~~(b)~~ (d) On or before March 15 annually the clerk of each municipality having a duly  
 4.34 organized police department and having a duly incorporated relief association shall certify  
 4.35 that fact to the county auditor of the county where the police department is located and to

5.1 the commissioner on a form prescribed by the commissioner together with the other facts  
5.2 the commissioner or auditor may require.

5.3 (e) Except as provided in subdivision 2b, on or before March 15 annually, the clerk  
5.4 of each municipality and the auditor of each county employing one or more peace officers  
5.5 as defined in subdivision 1, clause (g), shall certify the number of such peace officers to  
5.6 the commissioner on forms prescribed by the commissioner. Credit for officers employed  
5.7 less than a full year ~~shall~~ must be apportioned. Each full month of employment of a  
5.8 qualifying officer during the calendar year ~~shall entitle~~ entitles the employing municipality  
5.9 or county to credit for 1/12 of the payment for employment of a peace officer for the entire  
5.10 year. For purposes of sections 69.011 to 69.051, employment of a peace officer ~~shall~~  
5.11 ~~commence~~ commences when the peace officer is entered on the payroll of the respective  
5.12 municipal police department or county sheriff's department. No peace officer ~~shall~~ may be  
5.13 included in the certification of the number of peace officers by more than one municipality  
5.14 or county for the same month.

5.15 Sec. 5. Minnesota Statutes 2008, section 69.011, subdivision 4, is amended to read:

5.16 Subd. 4. **Qualification for state aid.** Any municipality in this state having for more  
5.17 than one year an organized fire department and officially established by the governing  
5.18 body of the municipality or an independent nonprofit fire fighting corporation created  
5.19 under the nonprofit corporation act of this state and operating exclusively for fire fighting  
5.20 purposes and providing retirement and relief benefits to its members ~~or~~, having a separate  
5.21 subsidiary incorporated firefighter's relief and pension association providing retirement and  
5.22 relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter  
5.23 retirement plan, may qualify to receive state aid if it meets the following minimum  
5.24 requirements or equivalent as determined by the state fire marshal by July 1, 1972:

5.25 (a) ten paid or volunteer firefighters including a fire chief and assistant fire chief, and

5.26 (b) regular scheduled meetings and frequent drills including instructions in fire  
5.27 fighting tactics and in the use, care, and operation of all fire apparatus and equipment, and

5.28 (c) a motorized fire truck equipped with a motorized pump, 250 gallon or larger  
5.29 water tank, 300 feet of one inch or larger fire hose in two lines with combination spray  
5.30 and straight stream nozzles, five-gallon hand pumps—tank extinguisher or equivalent, dry  
5.31 chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,  
5.32 axes, lanterns, fire coats, helmets, boots, and

5.33 (d) apparatus suitably housed in a building of good construction with facilities for  
5.34 care of hose and equipment, and

6.1 (e) a reliable and adequate method of receiving fire alarms by telephone or with  
6.2 electric siren and suitable means of sounding an alarm, and

6.3 (f) if response is to be provided outside the corporate limits of the municipality  
6.4 wherein the fire department is located, the municipality has another piece of motorized  
6.5 apparatus to make the response, and

6.6 (g) other requirements the commissioner establishes by rule.

6.7 Sec. 6. Minnesota Statutes 2008, section 69.021, subdivision 7, is amended to read:

6.8 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

6.9 (a) The commissioner shall apportion the fire state aid relative to the premiums reported  
6.10 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality  
6.11 and/or firefighters relief association.

6.12 (b) The commissioner shall calculate an initial fire state aid allocation amount for  
6.13 each municipality or fire department under paragraph (c) and a minimum fire state aid  
6.14 allocation amount for each municipality or fire department under paragraph (d). The  
6.15 municipality or fire department must receive the larger fire state aid amount.

6.16 (c) The initial fire state aid allocation amount is the amount available for  
6.17 apportionment as fire state aid under subdivision 5, without inclusion of any additional  
6.18 funding amount to support a minimum fire state aid amount under section 423A.02,  
6.19 subdivision 3, allocated one-half in proportion to the population as shown in the last  
6.20 official statewide federal census for each fire town and one-half in proportion to the market  
6.21 value of each fire town, including (1) the market value of tax exempt property and (2) the  
6.22 market value of natural resources lands receiving in lieu payments under sections 477A.11  
6.23 to 477A.14, but excluding the market value of minerals. In the case of incorporated or  
6.24 municipal fire departments furnishing fire protection to other cities, towns, or townships  
6.25 as evidenced by valid fire service contracts filed with the commissioner, the distribution  
6.26 must be adjusted proportionately to take into consideration the crossover fire protection  
6.27 service. Necessary adjustments ~~shall~~ must be made to subsequent apportionments. In  
6.28 the case of municipalities or independent fire departments qualifying for the aid, the  
6.29 commissioner shall calculate the state aid for the municipality or relief association on the  
6.30 basis of the population and the market value of the area furnished fire protection service  
6.31 by the fire department as evidenced by duly executed and valid fire service agreements  
6.32 filed with the commissioner. If one or more fire departments are furnishing contracted  
6.33 fire service to a city, town, or township, only the population and market value of the  
6.34 area served by each fire department may be considered in calculating the state aid and  
6.35 the fire departments furnishing service shall enter into an agreement apportioning among

7.1 themselves the percent of the population and the market value of each service area. The  
7.2 agreement must be in writing and must be filed with the commissioner.

7.3 (d) The minimum fire state aid allocation amount is the amount in addition to the  
7.4 initial fire state allocation amount that is derived from any additional funding amount  
7.5 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and  
7.6 allocated to municipalities with volunteer firefighters relief associations or covered by the  
7.7 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number  
7.8 of active volunteer firefighters who are members of the relief association as reported  
7.9 in the annual financial reporting for the calendar year 1993 to the Office of the State  
7.10 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or  
7.11 fire departments with volunteer firefighters relief associations receive in total at least a  
7.12 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of  
7.13 30 firefighters. If a relief association is established after calendar year 1993 and before  
7.14 calendar year 2000, the number of active volunteer firefighters who are members of the  
7.15 relief association as reported in the annual financial reporting for calendar year 1998  
7.16 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,  
7.17 shall be used in this determination. If a relief association is established after calendar  
7.18 year 1999, the number of active volunteer firefighters who are members of the relief  
7.19 association as reported in the first annual financial reporting submitted to the Office of  
7.20 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this  
7.21 determination. If a relief association is terminated as a result of providing retirement  
7.22 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer  
7.23 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters  
7.24 of the municipality covered by the statewide plan as certified by the executive director of  
7.25 the Public Employees Retirement Association to the commissioner and the state auditor,  
7.26 but not to exceed 30 active firefighters, must be used in this determination.

7.27 (e) Unless the firefighters of the applicable fire department are members of the  
7.28 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must  
7.29 be paid to the treasurer of the municipality where the fire department is located and the  
7.30 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit  
7.31 the aid to the relief association if the relief association has filed a financial report with the  
7.32 treasurer of the municipality and has met all other statutory provisions pertaining to the  
7.33 aid apportionment. If the firefighters of the applicable fire department are members of  
7.34 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid  
7.35 must be paid to the executive director of the Public Employees Retirement Association  
7.36 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.



8.1 (f) The commissioner may make rules to permit the administration of the provisions  
8.2 of this section.

8.3 (g) Any adjustments needed to correct prior misallocations must be made to  
8.4 subsequent apportionments.

8.5 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 9, is amended to read:

8.6 Subd. 9. **Appeal.** In the event that ~~any~~ a municipality, a county, a fire relief  
8.7 association, or a police relief association, or the voluntary statewide lump-sum volunteer  
8.8 firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to  
8.9 review and adjust the apportionment of funds within the county in the case of police state  
8.10 aid, or within the state in the case of fire state aid. The decision of the commissioner is  
8.11 subject to appeal, review, and adjustment by the district court in the county in which the  
8.12 applicable municipality, fire department, or police department is located.

8.13 Sec. 8. Minnesota Statutes 2008, section 69.031, subdivision 1, is amended to read:

8.14 Subdivision 1. **Commissioner of finance's warrant.** (a) The commissioner of  
8.15 finance shall issue to the Public Employees Retirement Association on behalf of a  
8.16 municipality or independent nonprofit firefighting corporation that is a member of the  
8.17 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or  
8.18 to the county, municipality, or independent nonprofit firefighting corporation certified to  
8.19 the commissioner of finance by the commissioner a warrant for an amount equal to the  
8.20 amount of fire state aid or police state aid, whichever applies, certified for the applicable  
8.21 state aid recipient by the commissioner under section 69.021.

8.22 (b) The amount of state aid due and not paid by October 1 accrues interest at the rate  
8.23 of one percent for each month or part of a month the amount remains unpaid, beginning  
8.24 the preceding July 1.

8.25 Sec. 9. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

8.26 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit  
8.27 firefighting corporation is covered by the voluntary statewide lump-sum volunteer  
8.28 firefighter retirement plan under chapter 353G, the executive director shall credit the  
8.29 fire state aid against future municipal contribution requirements under section 353G.08  
8.30 and shall notify the municipality or independent nonprofit firefighting corporation of  
8.31 the fire state aid so credited at least annually. If the municipality or the independent  
8.32 nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum  
8.33 volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after

9.1 receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'  
9.2 relief association if there is one organized and the association has filed a financial report  
9.3 with the municipality. If the relief association has not filed a financial report with the  
9.4 municipality, the municipal treasurer shall delay transmission of the fire state aid to  
9.5 the relief association until the complete financial report is filed. If the municipality or  
9.6 independent nonprofit firefighting corporation is not covered by the voluntary statewide  
9.7 lump-sum volunteer firefighter retirement plan, if there is no relief association organized,  
9.8 or if the association has dissolved; or has been removed as trustees of state aid, then the  
9.9 treasurer of the municipality shall deposit the money in the municipal treasury as provided  
9.10 for in section 424A.08 and the money may be disbursed only for the purposes and in the  
9.11 manner set forth in that section.

9.12 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the  
9.13 police state aid in the following manner:

9.14 (1) For a municipality in which a local police relief association exists and all peace  
9.15 officers are members of the association, the total state aid must be transmitted to the  
9.16 treasurer of the relief association within 30 days of the date of receipt, and the treasurer  
9.17 of the relief association shall immediately deposit the total state aid in the special fund  
9.18 of the relief association;

9.19 (2) For a municipality in which police retirement coverage is provided by the public  
9.20 employees police and fire fund and all peace officers are members of the fund, including  
9.21 municipalities covered by section 353.665, the total state aid must be applied toward the  
9.22 municipality's employer contribution to the public employees police and fire fund under  
9.23 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

9.24 (3) For a municipality other than a city of the first class with a population of more  
9.25 than 300,000 in which both a police relief association exists and police retirement  
9.26 coverage is provided in part by the public employees police and fire fund, the municipality  
9.27 may elect at its option to transmit the total state aid to the treasurer of the relief association  
9.28 as provided in clause (1), to use the total state aid to apply toward the municipality's  
9.29 employer contribution to the public employees police and fire fund subject to all the  
9.30 provisions set forth in clause (2), or to allot the total state aid proportionately to be  
9.31 transmitted to the police relief association as provided in this subdivision and to apply  
9.32 toward the municipality's employer contribution to the public employees police and fire  
9.33 fund subject to the provisions of clause (2) on the basis of the respective number of active  
9.34 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

9.35 For a city of the first class with a population of more than 300,000, in addition, the  
9.36 city may elect to allot the appropriate portion of the total police state aid to apply toward

10.1 the employer contribution of the city to the public employees police and fire fund based  
 10.2 on the covered salary of police officers covered by the fund each payroll period and to  
 10.3 transmit the balance to the police relief association; or

10.4 (4) For a municipality in which police retirement coverage is provided in part by  
 10.5 the public employees police and fire fund and in part by a local police consolidation  
 10.6 account governed by chapter 353A and established before March 2, 1999, for which the  
 10.7 municipality declined merger under section 353.665, subdivision 1, or established after  
 10.8 March 1, 1999, the total police state aid must be applied towards the municipality's total  
 10.9 employer contribution to the public employees police and fire fund and to the local police  
 10.10 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

10.11 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
 10.12 apply the total state aid toward the county's employer contribution to the public employees  
 10.13 police and fire fund under section 353.65, subdivision 3.

10.14 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
 10.15 police state aid for the Metropolitan Airports Commission, shall apply the total police  
 10.16 state aid first toward the commission's employer contribution for police officers to the  
 10.17 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if  
 10.18 there is any amount of police state aid remaining, shall apply that remainder toward the  
 10.19 commission's employer contribution for police officers to the public employees police and  
 10.20 fire plan under section 353.65, subdivision 3.

10.21 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
 10.22 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
 10.23 finance for transfer to the funds and accounts from which the salaries of peace officers  
 10.24 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue  
 10.25 shall certify to the commissioners of public safety, natural resources, and finance the  
 10.26 amounts to be transferred from the appropriation for police state aid. The commissioners  
 10.27 of public safety and natural resources shall certify to the commissioner of finance the  
 10.28 amounts to be credited to each of the funds and accounts from which the peace officers  
 10.29 employed by their respective departments are paid. Each commissioner must allocate the  
 10.30 police state aid first for employer contributions for employees funded from the general  
 10.31 fund and then for employer contributions for employees funded from other funds. For  
 10.32 peace officers whose salaries are paid from the general fund, the amounts transferred from  
 10.33 the appropriation for police state aid must be canceled to the general fund.

10.34 Sec. 10. [353G.01] DEFINITIONS.

11.1 Subdivision 1. **Scope.** For the purposes of this chapter, the words or terms defined  
 11.2 in this section have the meanings given to them unless the context of the word or term  
 11.3 clearly indicates otherwise.

11.4 Subd. 2. **Advisory board.** "Advisory board" means the board established by section  
 11.5 353G.03.

11.6 Subd. 3. **Board.** "Board" means the board of trustees of the Public Employees  
 11.7 Retirement Association operating under section 353.03.

11.8 Subd. 4. **Commissioner of finance.** "Commissioner of finance" means the state  
 11.9 official appointed and qualified under section 16A.01.

11.10 Subd. 5. **Executive director; director.** "Executive director" or "director" means  
 11.11 the person appointed under section 353.03, subdivision 3a.

11.12 Subd. 6. **Fund.** "Fund" means the voluntary statewide lump-sum volunteer  
 11.13 firefighter retirement fund established under section 353G.02, subdivision 3.

11.14 Subd. 7. **Good time service credit.** "Good time service credit" means the length of  
 11.15 service credit for an active firefighter that is reported by the applicable fire chief based  
 11.16 on the minimum firefighter activity standards of the fire department. The credit may be  
 11.17 recognized on an annual or monthly basis.

11.18 Subd. 8. **Member.** "Member" means a volunteer firefighter who provides active  
 11.19 service to a municipal fire department or an independent nonprofit firefighting corporation  
 11.20 where the applicable municipality or corporation has elected coverage by the retirement  
 11.21 plan under section 353G.05, and which service is covered by the retirement plan.

11.22 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in  
 11.23 section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5).

11.24 Subd. 10. **Plan.** "Plan" means the retirement plan established by this chapter.

11.25 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide  
 11.26 lump-sum volunteer firefighter retirement fund established under section 353G.02,  
 11.27 subdivision 3.

11.28 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan  
 11.29 established by this chapter.

11.30 Subd. 13. **Standards for actuarial work.** "Standards for actuarial work" means  
 11.31 the standards adopted by the Legislative Commission on Pensions and Retirement under  
 11.32 section 3.85, subdivision 10.

11.33 Subd. 14. **State Board of Investment.** "State Board of Investment" means the  
 11.34 board created by article XI, section 8, of the Minnesota Constitution and governed by  
 11.35 chapter 11A.

12.1 Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is  
12.2 an active member of a municipal fire department or independent nonprofit firefighting  
12.3 corporation and who, in that capacity, engages in fire suppression activities, provides  
12.4 emergency response services, or delivers fire education or prevention services on an  
12.5 on-call basis.

12.6 Sec. 11. **[353G.02] PLAN AND FUND CREATION.**

12.7 Subdivision 1. **Retirement plan.** The voluntary statewide lump-sum volunteer  
12.8 firefighter retirement plan is created.

12.9 Subd. 2. **Administration.** The policy-making, management, and administrative  
12.10 functions related to the voluntary statewide lump-sum volunteer firefighter retirement  
12.11 plan and fund are vested in the board of trustees and the executive director of the Public  
12.12 Employees Retirement Association. Their duties, authority, and responsibilities are as  
12.13 provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken  
12.14 in a manner consistent with chapter 356A.

12.15 Subd. 3. **Retirement fund.** (a) The voluntary statewide lump-sum volunteer  
12.16 firefighter retirement fund is created. The fund contains the assets attributable to the  
12.17 voluntary statewide lump-sum volunteer firefighter retirement plan.

12.18 (b) The State Board of Investment shall invest those portions of the retirement  
12.19 fund not required for immediate purposes in the voluntary statewide lump-sum volunteer  
12.20 firefighter retirement plan in the statewide lump-sum volunteer firefighter account of the  
12.21 Minnesota supplemental investment fund under section 11A.17.

12.22 (c) The commissioner of finance is the ex officio treasurer of the voluntary statewide  
12.23 lump-sum volunteer firefighter retirement fund. The commissioner of finance's general  
12.24 bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

12.25 (d) The revenues of the retirement plan beyond investment returns are governed by  
12.26 section 353G.08 and must be deposited in the retirement fund. The disbursements of the  
12.27 retirement plan are governed by section 353G.08. The commissioner of finance shall  
12.28 transmit a detailed statement showing all credits to and disbursements from the retirement  
12.29 fund to the executive director monthly.

12.30 Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically  
12.31 audit the voluntary statewide lump-sum volunteer firefighter retirement fund.

12.32 (b) An actuarial valuation of the voluntary statewide lump-sum volunteer firefighter  
12.33 retirement plan may be performed periodically as determined to be appropriate or useful  
12.34 by the board. An actuarial valuation must be performed by the approved actuary retained  
12.35 under section 356.214 and must conform with section 356.215 and the standards for

13.1 actuarial work. An actuarial valuation must contain sufficient detail for each participating  
 13.2 employing entity to ascertain the actuarial condition of its account in the fund and the  
 13.3 contribution requirement towards its account.

13.4 Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board  
 13.5 and the executive director with respect to the voluntary statewide lump-sum volunteer  
 13.6 firefighter retirement plan is the attorney general.

13.7 (b) The board may sue, petition, be sued, or be petitioned under this chapter with  
 13.8 respect to the plan or the fund in the name of the board.

13.9 (c) The attorney general must represent the board in all actions by the board or  
 13.10 against the board with respect to the plan or the fund.

13.11 (d) Venue of all actions related to the plan or fund is in the court for the first judicial  
 13.12 district unless the action is an appeal to the Court of Appeals under section 356.96.

13.13 Sec. 12. [353G.03] **VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER**  
 13.14 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

13.15 Subdivision 1. **Establishment.** A Voluntary Statewide Lump-Sum Volunteer  
 13.16 Firefighter Retirement Plan Advisory Board is created.

13.17 Subd. 2. **Function; purpose.** The advisory board must provide advice to the board  
 13.18 of trustees of the Public Employees Retirement Association about the retirement coverage  
 13.19 needs of volunteer firefighters who are members of the plan and about the legislative and  
 13.20 administrative changes that would assist the retirement plan in accommodating volunteer  
 13.21 firefighters who are not members of the plan.

13.22 Subd. 3. **Composition.** (a) The advisory board consists of seven members.

13.23 (b) The advisory board members are:

13.24 (1) one representative of Minnesota townships, appointed by the Minnesota  
 13.25 Association of Townships;

13.26 (2) two representatives of Minnesota cities, appointed by the League of Minnesota  
 13.27 Cities;

13.28 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the  
 13.29 Minnesota State Fire Chiefs Association;

13.30 (4) two representatives of Minnesota volunteer firefighters, who are active volunteer  
 13.31 firefighters, appointed by the Minnesota State Fire Departments Association; and

13.32 (5) one representative of the Office of the State Auditor, designated by the state  
 13.33 auditor.

13.34 Subd. 4. **Term.** (a) The initial terms on the advisory board for the Minnesota  
 13.35 townships representative and the Minnesota fire chiefs representative are one year. The



14.1 initial terms on the advisory board for one of the Minnesota cities representatives and one  
14.2 of the Minnesota active volunteer firefighter representatives are two years. The initial  
14.3 terms on the advisory board for the other Minnesota cities representative and the other  
14.4 Minnesota active volunteer firefighter representative are three years. The term for the  
14.5 Office of the State Auditor representative is determined by the state auditor.

14.6 (b) Subsequent terms on the advisory board other than the Office of the State  
14.7 Auditor representative are three years.

14.8 Subd. 5. Compensation of advisory board. The compensation of members of the  
14.9 advisory board other than the Office of the State Auditor representative is governed by  
14.10 section 15.0575, subdivision 3.

14.11 Sec. 13. [353G.04] INFORMATION FROM MUNICIPALITIES AND FIRE  
14.12 DEPARTMENTS.

14.13 The chief executive officers of municipalities and fire departments with volunteer  
14.14 firefighters covered by the voluntary lump-sum volunteer firefighter retirement plan shall  
14.15 provide all relevant information and records requested by the board, the executive director,  
14.16 and the State Board of Investment as required to perform their duties.

14.17 Sec. 14. [353G.05] PLAN COVERAGE ELECTION.

14.18 Subdivision 1. Coverage. Any municipality or independent nonprofit firefighting  
14.19 corporation may elect to have its volunteer firefighters covered by the retirement plan.

14.20 Subd. 2. Election of coverage. (a) The process for electing coverage of volunteer  
14.21 firefighters by the retirement plan is initiated by a request to the executive director for a  
14.22 cost analysis of the prospective retirement coverage.

14.23 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief  
14.24 association governed by chapter 424A, the cost analysis of the prospective retirement  
14.25 coverage must be requested jointly by the secretary of the volunteer firefighters' relief  
14.26 association, following approval of the request by the board of the volunteer firefighters'  
14.27 relief association, and the chief administrative officer of the entity associated with the  
14.28 relief association, following approval of the request by the governing body of the entity  
14.29 associated with the relief association. If the relief association is associated with more than  
14.30 one entity, the chief administrative officer of each associated entity must execute the  
14.31 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'  
14.32 relief association, the cost analysis of the prospective retirement coverage must be  
14.33 requested by the chief administrative officer of the entity operating the fire department.

15.1 The request must be made in writing and must be made on a form prescribed by the  
15.2 executive director.

15.3 (c) The cost analysis of the prospective retirement coverage by the statewide  
15.4 retirement plan must be based on the service pension amount under section 353G.11  
15.5 closest to the service pension amount provided by the volunteer firefighters' relief  
15.6 association, if there is one, or to the lowest service pension amount under section 353G.11  
15.7 if there is no volunteer firefighters' relief association, rounded up, and any other service  
15.8 pension amount designated by the requester or requesters. The cost analysis must be  
15.9 prepared using a mathematical procedure certified as accurate by an approved actuary  
15.10 retained by the Public Employees Retirement Association.

15.11 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists  
15.12 that has filed the information required under section 69.051 in a timely fashion, upon  
15.13 request by the executive director, the state auditor shall provide the most recent data  
15.14 available on the financial condition of the volunteer firefighters' relief association, the most  
15.15 recent firefighter demographic data available, and a copy of the current relief association  
15.16 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association  
15.17 exists, the chief administrative officer of the entity operating the fire department shall  
15.18 provide the demographic information on the firefighters serving as members of the fire  
15.19 department requested by the executive director.

15.20 (e) If a cost analysis is requested, the executive director of the State Board of  
15.21 Investment shall review the investment portfolio of the relief association, if applicable,  
15.22 for compliance with the applicable provisions of chapter 11A and for appropriateness  
15.23 for retention under the established investment objectives and investment policies of the  
15.24 State Board of Investment. If the prospective retirement coverage change is approved  
15.25 under paragraph (f), the State Board of Investment may require that the relief association  
15.26 liquidate any investment security or other asset which the executive director of the State  
15.27 Board of Investment has determined to be an ineligible or inappropriate investment for  
15.28 retention by the State Board of Investment. The security or asset liquidation must occur  
15.29 before the effective date of the transfer of retirement plan coverage. If requested to do  
15.30 so by the chief administrative officer of the relief association, the executive director of  
15.31 the State Board of Investment shall provide advice about the best means to conduct the  
15.32 liquidation.

15.33 (f) Upon receipt of the cost analysis, the governing body of the municipality or  
15.34 independent nonprofit firefighting corporation associated with the fire department must  
15.35 approve or disapprove the retirement coverage change within 90 days. If the retirement  
15.36 coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the

16.1 retirement coverage change is approved by the applicable governing body, coverage by  
 16.2 the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the  
 16.3 next following January 1.

16.4       Sec. 15. [353G.06] DISESTABLISHMENT OF PRIOR VOLUNTEER  
 16.5 FIREFIGHTERS' RELIEF ASSOCIATION SPECIAL FUND UPON  
 16.6 RETIREMENT COVERAGE CHANGE.

16.7       Subdivision 1. Special fund disestablishment. (a) On the date immediately prior  
 16.8 to the effective date of the coverage change, the special fund of the applicable volunteer  
 16.9 firefighters' relief association, if one exists, ceases to exist as a pension fund of the  
 16.10 association and legal title to the assets of the special fund transfers to the State Board of  
 16.11 Investment, with the beneficial title to the assets of the special fund remaining in the  
 16.12 applicable volunteer firefighters.

16.13       (b) If the market value of the special fund of the volunteer firefighters' relief  
 16.14 association for which retirement coverage changed under this chapter declines in the  
 16.15 interval between the date of the most recent financial report or statement, and the special  
 16.16 fund disestablishment date, the applicable municipality shall transfer an additional amount  
 16.17 to the State Board of Investment equal to that decline. If more than one municipality is  
 16.18 responsible for the direct management of the fire department, the municipalities shall  
 16.19 allocate the additional transfer amount among the various applicable municipalities  
 16.20 one-half in proportion to the population of each municipality and one-half in proportion  
 16.21 to the market value of each municipality.

16.22       Subd. 2. Other relief association changes. In addition to the transfer and  
 16.23 disestablishment of the special fund under subdivision 1, notwithstanding any provisions  
 16.24 of chapter 424A or 424B to the contrary, upon the effective date of the change in volunteer  
 16.25 firefighter retirement coverage, if the relief association membership elects to retain the  
 16.26 relief association after the benefit coverage election, the following changes must be  
 16.27 implemented with respect to the applicable volunteer firefighters' relief association:

16.28       (1) the relief association board of trustees membership is five, comprised of the fire  
 16.29 chief of the fire department and four trustees elected by and from the relief association  
 16.30 membership;

16.31       (2) the relief association may only maintain a general fund, which continues to  
 16.32 be governed by section 424A.06;

16.33       (3) the relief association is not authorized to receive the proceeds of any state aid or  
 16.34 to receive any municipal funds; and

17.1 (4) the relief association may not pay any service pension or benefit that was not  
17.2 authorized as a general fund disbursement under the articles of incorporation or bylaws of  
17.3 the relief association in effect prior to the plan coverage election process.

17.4 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of  
17.5 the volunteer firefighters' relief association under this section, the voluntary statewide  
17.6 lump-sum volunteer firefighter retirement plan is the successor in interest of the special  
17.7 fund of the volunteer firefighters' relief association for all claims against the special fund  
17.8 other than a claim against the special fund, the volunteer firefighters' relief association,  
17.9 the municipality, the fire department, or any person connected with the volunteer  
17.10 firefighters' relief association in a fiduciary capacity under chapter 356A or common law  
17.11 that was based on any act or acts which were not performed in good faith and which  
17.12 constituted a breach of a fiduciary obligation. As the successor in interest of the special  
17.13 fund of the volunteer firefighters' relief association, the voluntary statewide lump-sum  
17.14 volunteer firefighter retirement plan may assert any applicable defense in any judicial  
17.15 proceeding which the board of trustees of the volunteer firefighters' relief association or  
17.16 the municipality would have been entitled to assert.

17.17 Sec. 16. **[353G.07] CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

17.18 (a) Annually, by March 31, the fire chief of the fire department with firefighters who  
17.19 are active members of the retirement plan shall certify to the executive director the good  
17.20 time service credit for the previous calendar year of each firefighter rendering active  
17.21 service with the fire department.

17.22 (b) The fire chief shall provide to each firefighter rendering active service with  
17.23 the fire department notification of the amount of good time service credit rendered by  
17.24 the firefighter for the calendar year. The good time service credit notification must be  
17.25 provided to the firefighter 60 days before its certification to the executive director of the  
17.26 Public Employees Retirement Association, along with an indication of the process for the  
17.27 firefighter to challenge the fire chief's determination of good time service credit. If the  
17.28 good time service credit amount is challenged in a timely fashion, the fire chief shall hold  
17.29 a hearing on the challenge, accept and consider any additional pertinent information,  
17.30 and make a final determination of good time service credit. The final determination of  
17.31 good time service credit by the fire chief is not reviewable by the executive director of  
17.32 the Public Employees Retirement Association or the board of trustees of the Public  
17.33 Employees Retirement Association.

18.1 (c) The good time service credit certification is an official public document. If a  
18.2 false good time service credit certification is filed or if false information regarding good  
18.3 time service credits is provided, section 353.19 applies.

18.4 (d) The good time service credit certification must be expressed as a percentage of a  
18.5 full year of service during which an active firefighter rendered at least the minimum level  
18.6 and quantity of fire suppression, emergency response, fire prevention, or fire education  
18.7 duties required by the fire department under the rules and regulations applicable to the  
18.8 fire department. No more than one year of good time service credit may be certified  
18.9 for a calendar year.

18.10 (e) If a firefighter covered by the retirement plan leaves active firefighting service  
18.11 to render active military service that is required to be covered by the federal Uniformed  
18.12 Services Employment and Reemployment Rights Act, as amended, the person must be  
18.13 certified as providing a full year of good time service credit in each year of the military  
18.14 service, up to the applicable limit of the federal Uniformed Services Employment and  
18.15 Reemployment Rights Act. If the firefighter does not return from the military service in  
18.16 compliance with the federal Uniformed Services Employment and Reemployment Rights  
18.17 Act, the good time service credits applicable to that military service credit period are  
18.18 forfeited and cancel at the end of the calendar year in which the federal law time limit  
18.19 occurs.

18.20 **Sec. 17. [353G.08] RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

18.21 (a) Annually, the executive director shall determine the funding requirements of  
18.22 each account in the voluntary statewide lump-sum volunteer firefighter retirement plan on  
18.23 or before August 1. The funding requirements must be determined using a mathematical  
18.24 procedure developed and certified as accurate by an approved actuary retained by the  
18.25 Public Employees Retirement Association and based on present value factors using a six  
18.26 percent interest rate, without any decrement assumptions.

18.27 (b) The annual financial requirements of the account of the retirement plan is the  
18.28 sum of the following:

18.29 (1) the annual accruing liability of the account, expressed as a dollar amount and  
18.30 determined under the developed mathematical liability procedure as the difference  
18.31 between the total accrued liability of the account calculated based on the most recent  
18.32 good time service credit amounts and the total accrued liability of the account calculated  
18.33 based on the most recent good time service credit amounts plus one additional year of  
18.34 good time service credit for each member;

19.1 (2) the administrative expense of the retirement plan, expressed as a dollar amount  
 19.2 and determined as the portion of the most recent total administrative expense of the  
 19.3 retirement plan that equals the proportion that the account's active membership bears to  
 19.4 the retirement plan's total active membership multiplied by the factor 1.035; and

19.5 (3) the amortization requirement, if the account has an unfunded actuarial accrued  
 19.6 liability, determined as one-tenth of the calculated unfunded actuarial accrued liability.

19.7 (c) The required contribution of the entity or entities associated with the fire  
 19.8 department whose active firefighters are covered by the retirement plan is the annual  
 19.9 financial requirements of the account of the retirement plan reduced by the fire state aid  
 19.10 amount attributable to the entity or entities received by the retirement plan. The required  
 19.11 contribution must be allocated between the entities if more than one entity is involved.  
 19.12 The entity shall include the required contribution in its final budget. If the entity does not  
 19.13 pay the full amount of the required contribution, the executive director shall collect the  
 19.14 unpaid amount under section 353.28, subdivision 6.

19.15 (d) The assets of the retirement fund may only be disbursed for:

19.16 (1) the administrative expenses of the retirement plan;

19.17 (2) the investment expenses of the retirement fund;

19.18 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or  
 19.19 353G.15; and

19.20 (4) the survivor benefits payable under section 353G.12.

19.21 **Sec. 18. [353G.09] RETIREMENT BENEFIT ELIGIBILITY.**

19.22 Subdivision 1. Entitlement. Except as provided in subdivision 3, an active member  
 19.23 of the retirement plan is entitled to a lump-sum service pension from the retirement plan  
 19.24 if the person:

19.25 (1) has separated from active service with the fire department for at least 30 days;

19.26 (2) has attained the age of at least 50 years;

19.27 (3) has completed at least five years of good time service credit as a member of  
 19.28 the retirement plan; and

19.29 (4) applies in a manner prescribed by the executive director for the service pension.

19.30 Subd. 2. Vesting schedule; nonforfeitable portion of service pension. If an  
 19.31 active member has completed less than 20 years of good time service credit, the person's  
 19.32 entitlement is to the nonforfeitable percentage of the applicable service pension amount,  
 19.33 as follows:



	<u>Completed years of good time service credit</u>	<u>Nonforfeitable percentage of the service pension</u>
20.1		
20.2		
20.3	<u>5</u>	<u>40 percent</u>
20.4	<u>6</u>	<u>44 percent</u>
20.5	<u>7</u>	<u>48 percent</u>
20.6	<u>8</u>	<u>52 percent</u>
20.7	<u>9</u>	<u>56 percent</u>
20.8	<u>10</u>	<u>60 percent</u>
20.9	<u>11</u>	<u>64 percent</u>
20.10	<u>12</u>	<u>68 percent</u>
20.11	<u>13</u>	<u>72 percent</u>
20.12	<u>14</u>	<u>76 percent</u>
20.13	<u>15</u>	<u>80 percent</u>
20.14	<u>16</u>	<u>84 percent</u>
20.15	<u>17</u>	<u>88 percent</u>
20.16	<u>18</u>	<u>92 percent</u>
20.17	<u>19</u>	<u>96 percent</u>
20.18	<u>20 and thereafter</u>	<u>100 percent</u>

20.19 Subd. 3. Alternative pension eligibility and computation. (a) An active member  
 20.20 of the retirement plan is entitled to an alternative lump-sum service pension from the  
 20.21 retirement plan if the person:

20.22 (1) has separated from active service with the fire department for at least 30 days;  
 20.23 (2) has attained the age of at least 50 years or the age for receipt of a service pension  
 20.24 under the benefit plan of the applicable former volunteer firefighters' relief association  
 20.25 as of the date immediately prior to the election of the retirement coverage change,  
 20.26 whichever is later;

20.27 (3) has completed at least five years of active service with the fire department and at  
 20.28 least five years in total as a member of the applicable former volunteer firefighters' relief  
 20.29 association or of the retirement plan, but has not rendered at least five years of good time  
 20.30 service credit as a member of the retirement plan; and

20.31 (4) applies in a manner prescribed by the executive director for the service pension.

20.32 (b) The alternative lump-sum service pension is the service pension amount specified  
 20.33 in the bylaws of the applicable former volunteer firefighters' relief association as of the  
 20.34 date immediately prior to the election of the retirement coverage change multiplied by  
 20.35 the total number of years of service as a member of that volunteer firefighters' relief  
 20.36 association or of the retirement plan.

20.37 Sec. 19. [353G.10] DEFERRED SERVICE PENSION AMOUNT.

21.1 A person who was an active member of a fire department covered by the retirement  
 21.2 plan who has separated from active firefighting service for at least 30 days and who has  
 21.3 completed at least five years of good time service credit, but has not attained the age of  
 21.4 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years  
 21.5 and applying in a manner specified by the executive director for the service pension. The  
 21.6 service pension payable is the nonforfeitable percentage of the service pension under  
 21.7 section 353G.09, subdivision 2, and is payable without any interest over the period of  
 21.8 deferral.

21.9 **Sec. 20. [353G.11] SERVICE PENSION LEVELS.**

21.10 Subdivision 1. Levels. The retirement plan provides the following levels of service  
 21.11 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

21.12	<u>Level A</u>	<u>\$500 per year of good time service credit</u>
21.13	<u>Level B</u>	<u>\$750 per year of good time service credit</u>
21.14	<u>Level C</u>	<u>\$1,000 per year of good time service credit</u>
21.15	<u>Level D</u>	<u>\$1,500 per year of good time service credit</u>
21.16	<u>Level E</u>	<u>\$2,000 per year of good time service credit</u>
21.17	<u>Level F</u>	<u>\$2,500 per year of good time service credit</u>
21.18	<u>Level G</u>	<u>\$3,000 per year of good time service credit</u>
21.19	<u>Level H</u>	<u>\$3,500 per year of good time service credit</u>
21.20	<u>Level I</u>	<u>\$4,000 per year of good time service credit</u>
21.21	<u>Level J</u>	<u>\$4,500 per year of good time service credit</u>
21.22	<u>Level K</u>	<u>\$5,000 per year of good time service credit</u>
21.23	<u>Level L</u>	<u>\$5,500 per year of good time service credit</u>
21.24	<u>Level M</u>	<u>\$6,000 per year of good time service credit</u>
21.25	<u>Level N</u>	<u>\$6,500 per year of good time service credit</u>
21.26	<u>Level O</u>	<u>\$7,000 per year of good time service credit</u>
21.27	<u>Level P</u>	<u>\$7,500 per year of good time service credit</u>

21.28 Subd. 2. Level selection. At the time of the election to transfer retirement coverage,  
 21.29 or on April 30 thereafter, the governing body or bodies of the entity or entities operating  
 21.30 the fire department whose firefighters are covered by the retirement plan may request  
 21.31 a cost estimate from the executive director of an increase in the service pension level  
 21.32 applicable to the active firefighters of the fire department. Within 90 days of the receipt of  
 21.33 the cost estimate prepared by the executive director using a procedure certified as accurate  
 21.34 by the approved actuary retained by the Public Employees Retirement Association, the  
 21.35 governing body or bodies may approve the service pension level change, effective for the  
 21.36 following calendar year.

21.37 Subd. 3. Supplemental benefit. The retirement plan also shall pay a supplemental  
 21.38 benefit as provided for in section 424A.10.

22.1 Subd. 4. **Ancillary benefits.** No disability, death, funeral, or other ancillary benefit  
 22.2 beyond a service pension or a survivor benefit is payable from the retirement plan.

22.3 **Sec. 21. [353G.12] SURVIVOR BENEFIT.**

22.4 Subdivision 1. **Entitlement.** (a) A survivor of a deceased active member of the  
 22.5 retirement plan or a deceased deferred member of the retirement plan, upon application as  
 22.6 prescribed by the executive director, is entitled to receive a survivor benefit.

22.7 (b) A survivor is the spouse of the member, or if none, the minor child or children of  
 22.8 the member, or if none, the estate of the member.

22.9 Subd. 2. **Survivor benefit amount.** The amount of the survivor benefit is the  
 22.10 amount of the service pension that would have been payable to the member of the  
 22.11 retirement plan on the date of death if the member had been age 50 or older on that date.

22.12 **Sec. 22. [353G.13] PORTABILITY.**

22.13 Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement  
 22.14 plan who also renders firefighting service and has good time service credit in the retirement  
 22.15 plan from another fire department, if the good time service credit in the plan from a  
 22.16 combination of periods totals at least five years, is eligible, upon complying with the other  
 22.17 requirements of section 353G.09, to receive a service pension upon filing an application in  
 22.18 the manner prescribed by the executive director, computed as provided in subdivision 2.

22.19 Subd. 2. **Combined service pension computation.** The service pension payable to  
 22.20 a firefighter who qualifies under subdivision 1 is the per year of good time service credit  
 22.21 service pension amount in effect for each account in which the firefighter has good time  
 22.22 service credit as of the date on which the firefighter terminated active service with the fire  
 22.23 department associated with the applicable account, multiplied by the number of years of  
 22.24 good time service credit that the firefighter has in the applicable account.

22.25 Subd. 3. **Payment.** A service pension under this section must be paid in a single  
 22.26 payment, with the applicable portion of the total service pension payment amount  
 22.27 deducted from each account.

22.28 **Sec. 23. [353G.14] PURCHASE OF ANNUITY CONTRACTS.**

22.29 The executive director may purchase an annuity contract on behalf of a retiring  
 22.30 firefighter with a total premium payment in an amount equal to the lump-sum service  
 22.31 pension payable under section 353G.09 if the purchase was requested by the retiring  
 22.32 firefighter in a manner prescribed by the executive director. The annuity contract must  
 22.33 be purchased from an insurance carrier that is licensed to do business in this state. If

23.1 purchased, the annuity contract is in lieu of any service pension or other benefit from the  
 23.2 retirement plan. The annuity contract may be purchased at any time after the volunteer  
 23.3 firefighter discontinues active service, but the annuity contract must stipulate that no  
 23.4 annuity amounts are payable before the former volunteer firefighter attains the age of 50.

23.5 **Sec. 24. [353G.15] INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

23.6 Upon receipt of a determination that the retirement plan is a qualified pension plan  
 23.7 under section 401(a) of the Internal Revenue Code, as amended, the executive director,  
 23.8 upon request, shall transfer the service pension amount under sections 353G.08 and  
 23.9 353G.11 of a former volunteer firefighter who has terminated active firefighting services  
 23.10 covered by the plan and who has attained the age of at least 50 years to the person's  
 23.11 individual retirement account under section 408(a) of the Internal Revenue Code, as  
 23.12 amended. The transfer request must be in a manner prescribed by the executive director  
 23.13 and must be filed by the former volunteer firefighter who has sufficient service credit to be  
 23.14 entitled to a service pension or, following the death of a participating active firefighter,  
 23.15 must be filed by the deceased firefighter's surviving spouse.

23.16 **Sec. 25. [353G.16] EXEMPTION FROM PROCESS.**

23.17 The provisions of section 356.401 apply to the retirement plan.

23.18 Sec. 26. Minnesota Statutes 2008, section 356.20, subdivision 2, is amended to read:

23.19 Subd. 2. **Covered public pension plans and funds.** This section applies to the  
 23.20 following public pension plans:

- 23.21 (1) the general state employees retirement plan of the Minnesota State Retirement  
 23.22 System;
- 23.23 (2) the general employees retirement plan of the Public Employees Retirement  
 23.24 Association;
- 23.25 (3) the Teachers Retirement Association;
- 23.26 (4) the State Patrol retirement plan;
- 23.27 (5) the St. Paul Teachers Retirement Fund Association;
- 23.28 (6) the Duluth Teachers Retirement Fund Association;
- 23.29 (7) the Minneapolis Employees Retirement Fund;
- 23.30 (8) the University of Minnesota faculty retirement plan;
- 23.31 (9) the University of Minnesota faculty supplemental retirement plan;
- 23.32 (10) the judges retirement fund;

- 24.1 (11) a police or firefighter's relief association specified or described in section 69.77,  
 24.2 subdivision 1a;
- 24.3 (12) a volunteer firefighter relief association governed by section 69.771, subdivision  
 24.4 1;
- 24.5 (13) the public employees police and fire plan of the Public Employees Retirement  
 24.6 Association;
- 24.7 (14) the correctional state employees retirement plan of the Minnesota State  
 24.8 Retirement System; ~~and~~
- 24.9 (15) the local government correctional service retirement plan of the Public  
 24.10 Employees Retirement Association; and
- 24.11 (16) the voluntary statewide lump-sum volunteer firefighter retirement plan.

24.12 Sec. 27. Minnesota Statutes 2008, section 356.401, subdivision 3, is amended to read:

24.13 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the  
 24.14 following retirement plans:

- 24.15 (1) the legislators retirement plan, established by chapter 3A;
- 24.16 (2) the general state employees retirement plan of the Minnesota State Retirement  
 24.17 System, established by chapter 352;
- 24.18 (3) the correctional state employees retirement plan of the Minnesota State  
 24.19 Retirement System, established by chapter 352;
- 24.20 (4) the State Patrol retirement plan, established by chapter 352B;
- 24.21 (5) the elective state officers retirement plan, established by chapter 352C;
- 24.22 (6) the unclassified state employees retirement program, established by chapter  
 24.23 352D;
- 24.24 (7) the general employees retirement plan of the Public Employees Retirement  
 24.25 Association, established by chapter 353;
- 24.26 (8) the public employees police and fire plan of the Public Employees Retirement  
 24.27 Association, established by chapter 353;
- 24.28 (9) the public employees defined contribution plan, established by chapter 353D;
- 24.29 (10) the local government correctional service retirement plan of the Public  
 24.30 Employees Retirement Association, established by chapter 353E;
- 24.31 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,  
 24.32 established by chapter 353G;
- 24.33 (12) the Teachers Retirement Association, established by chapter 354;
- 24.34 ~~(12)~~ (13) the Duluth Teachers Retirement Fund Association, established by chapter  
 24.35 354A;

- 25.1 ~~(13) the Minneapolis Teachers Retirement Fund Association, established by chapter~~  
 25.2 ~~354A;~~  
 25.3 (14) the St. Paul Teachers Retirement Fund Association, established by chapter  
 25.4 354A;  
 25.5 (15) the individual retirement account plan, established by chapter 354B;  
 25.6 (16) the higher education supplemental retirement plan, established by chapter 354C;  
 25.7 (17) the Minneapolis Employees Retirement Fund, established by chapter 422A;  
 25.8 (18) the Minneapolis Police Relief Association, established by chapter 423B;  
 25.9 (19) the Minneapolis Firefighters Relief Association, established by chapter 423C;  
 25.10 and  
 25.11 (20) the judges retirement fund, established by chapter 490.

25.12 Sec. 28. Minnesota Statutes 2008, section 356.96, subdivision 1, is amended to read:

25.13 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that  
 25.14 a different meaning is intended, for the purpose of this section, the terms in paragraphs  
 25.15 (b) to (e) have the meanings given them.

25.16 (b) "Chief administrative officer" means the executive director of a covered pension  
 25.17 plan or the executive director's designee or representative.

25.18 (c) "Covered pension plan" means a plan enumerated in section 356.20,  
 25.19 subdivision 2, clauses (1) to (4), (10), and (13) to ~~(15)~~ (16), but does not mean the  
 25.20 deferred compensation plan administered under sections 352.965 and 352.97 or to the  
 25.21 postretirement health care savings plan administered under section 352.98.

25.22 (d) "Governing board" means the Board of Trustees of the Public Employees  
 25.23 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or  
 25.24 the Board of Directors of the Minnesota State Retirement System.

25.25 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in  
 25.26 a covered pension plan or a beneficiary of a participant, or an individual who has applied  
 25.27 to be a participant or who is or may be a survivor of a participant, or a state agency or  
 25.28 other governmental unit that employs active participants in a covered pension plan.

25.29 Sec. 29. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

25.30 Subdivision 1. **Definitions.** For purposes of this section:

25.31 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
 25.32 of pension or retirement benefits from a firefighters' relief association or from the  
 25.33 voluntary statewide lump-sum volunteer firefighter retirement plan for service that the  
 25.34 individual has performed as a volunteer firefighter;

26.1 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally  
 26.2 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or  
 26.3 minor children of a deceased volunteer firefighter;

26.4 (3) "active volunteer firefighter" means a person who regularly renders fire  
 26.5 suppression service for a municipal fire department or an independent nonprofit firefighting  
 26.6 corporation, who has met the statutory and other requirements for relief association  
 26.7 membership, and who has been a fully qualified member of the relief association or from  
 26.8 the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one  
 26.9 month; and

26.10 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
 26.11 terminated active firefighting service, has sufficient service credit from the applicable  
 26.12 relief association or from the voluntary statewide lump-sum volunteer firefighter  
 26.13 retirement plan to be entitled to a service pension, but has not applied for or has not  
 26.14 received the service pension.

26.15 Sec. 30. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

26.16 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a  
 26.17 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter  
 26.18 retirement plan of a lump-sum distribution to a qualified recipient, the association must  
 26.19 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the  
 26.20 contrary, the relief association must pay the supplemental benefit out of its special fund  
 26.21 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay  
 26.22 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter  
 26.23 retirement plan. The amount of this benefit equals ten percent of the regular lump-sum  
 26.24 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.  
 26.25 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental  
 26.26 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred  
 26.27 volunteer firefighter in that capacity.

26.28 (b) Upon the payment by a relief association or the retirement plan of a lump-sum  
 26.29 survivor benefit or funeral benefit to a survivor of a deceased active volunteer firefighter  
 26.30 or of a deceased deferred volunteer firefighter, the association may pay a supplemental  
 26.31 survivor benefit to the survivor of the deceased active or deferred volunteer firefighter  
 26.32 from the special fund of the relief association if its articles of incorporation or bylaws so  
 26.33 provide and the retirement plan may pay a supplemental survivor benefit to the survivor of  
 26.34 the deceased active or deferred volunteer firefighter from the retirement fund if chapter

27.1 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the  
27.2 survivor benefit or funeral benefit, but not to exceed \$2,000.

27.3 (c) An individual may receive a supplemental benefit under paragraph (a) or under  
27.4 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
27.5 firefighter benefit.

27.6 Sec. 31. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

27.7 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement  
27.8 of the amount of supplemental benefits paid under subdivision 2 during the preceding  
27.9 calendar year, the relief association or the voluntary statewide lump-sum volunteer  
27.10 firefighter retirement plan must apply to the commissioner of revenue by February 15.  
27.11 By March 15, the commissioner shall reimburse the relief association for the amount of  
27.12 the supplemental benefits paid to qualified recipients and to survivors of deceased active  
27.13 or deferred volunteer firefighters.

27.14 (b) The commissioner of revenue shall prescribe the form of and supporting  
27.15 information that must be supplied as part of the application for state reimbursement.  
27.16 The commissioner of revenue shall reimburse the relief association by paying the  
27.17 reimbursement amount to the treasurer of the municipality where the association is  
27.18 located and shall reimburse the retirement plan by paying the reimbursement amount to  
27.19 the executive director of the Public Employees Retirement Association. Within 30 days  
27.20 after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer  
27.21 of the association if the association has filed a financial report with the municipality. If  
27.22 the relief association has not filed a financial report with the municipality, the municipal  
27.23 treasurer shall delay transmission of the reimbursement payment to the association until  
27.24 the complete financial report is filed. If the association has dissolved or has been removed  
27.25 as a trustee of state aid, the treasurer shall deposit the money in a special account in the  
27.26 municipal treasury, and the money may be disbursed only for the purposes and in the  
27.27 manner provided in section 424A.08. When paid to the association, the reimbursement  
27.28 payment must be deposited in the special fund of the relief association and when paid to  
27.29 the retirement plan, the reimbursement payment must be deposited in the retirement  
27.30 fund of the plan.

27.31 (c) A sum sufficient to make the payments is appropriated from the general fund  
27.32 to the commissioner of revenue.

27.33 Sec. 32. **EFFECTIVE DATE.**

27.34 Sections 1 to 31 are effective August 1, 2009.