

1.1 moves to amend S.F. No.; H.F. No., Document LCPR10-005,
1.2 as follows:

1.3 Page 3, after line 20, insert:

1.4 "Sec. 3. Minnesota Statutes 2008, section 352.04, subdivision 9, is amended to read:

1.5 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the
1.6 salary of an employee for the retirement fund in ~~error~~ excess of required amounts must,
1.7 upon discovery and verification by the department making the deduction, be refunded to
1.8 the employee.

1.9 (b) If a deduction for the retirement fund is taken from a salary warrant or check,
1.10 and the check is canceled or the amount of the warrant or check returned to the funds of
1.11 the department making the payment, the sum deducted, or the part of it required to adjust
1.12 the deductions, must be refunded to the department or institution if the department applies
1.13 for the refund on a form furnished by the director. The department's payments must
1.14 likewise be refunded to the department.

1.15 ~~(c) Employee deductions and employer contributions taken in error may be directly~~
1.16 ~~transferred, without interest, to another Minnesota public employee retirement plan by~~
1.17 ~~which the employee is actually covered.~~

1.18 ~~For purposes of this subdivision, a Minnesota public pension plan means a plan~~
1.19 ~~specified in section 356.30, subdivision 3, or the plan governed by chapter 354B.~~

1.20 (c) If erroneous employee deductions and employer contributions are caused by an
1.21 error in plan coverage involving the plan and any other plans specified in section 356.99,
1.22 that section applies. If the employee should have been covered by the plan governed
1.23 by chapter 352D, 354B or 354D, the employee deductions and employer contributions
1.24 taken in error must be directly transferred, without interest, to the applicable employee's
1.25 account in the proper plan.

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

1.27 Page 4, after line 21, insert:

1.28 "Sec. 5. Minnesota Statutes 2008, section 352.91, is amended by adding a subdivision
1.29 to read:

1.30 Subd. 6. **Correction of plan coverage errors.** If erroneous employee deductions
1.31 and employer contributions are caused by an error in plan coverage involving the
1.32 correctional state employees retirement plan and any other plan specified in section
1.33 356.99, that section applies.

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

1.35 Page 9, after line 36, insert:

2.1 "Sec. 12. Minnesota Statutes 2008, section 352B.02, is amended by adding a
2.2 subdivision to read:

2.3 Subd. 3. **Correction of plan coverage errors.** If erroneous employee deductions
2.4 and employer contributions are caused by an error in plan coverage involving the state
2.5 patrol retirement plan and any other plan specified in section 356.99, that section applies.

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

2.7 Sec. 13. Minnesota Statutes 2008, section 353.27, subdivision 7a, is amended to read:

2.8 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
2.9 deductions and employer contributions were erroneously transmitted to the association,
2.10 but should have been transmitted to ~~another Minnesota public pension~~ a plan covered
2.11 by chapter 353D or 354B, the executive director shall transfer the erroneous employee
2.12 deductions and employer contributions to the appropriate retirement fund or individual
2.13 account, as applicable, without interest. The time limitations specified in subdivisions 7
2.14 and 12 do not apply.

2.15 ~~(b) For purposes of this subdivision, a Minnesota public pension plan means a~~
2.16 ~~plan specified in section 356.30, subdivision 3, or the plans governed by chapters 353D~~
2.17 ~~and 354B.~~

2.18 ~~(b)~~ (b) A potential transfer under paragraph (a) that is reasonably determined to
2.19 cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal
2.20 Revenue Code, as amended, must not be made by the executive director of the association.
2.21 Within 30 days after being notified by the Public Employees Retirement Association of
2.22 an unmade potential transfer under this paragraph, the employer of the affected person
2.23 must transmit an amount representing the applicable salary deductions and employer
2.24 contributions, without interest, to the retirement fund of the appropriate Minnesota public
2.25 pension plan, or to the applicable individual account if the proper coverage is by a defined
2.26 contribution plan. The association must provide the employing unit a credit for the amount
2.27 of the erroneous salary deductions and employer contributions against future contributions
2.28 from the employer. If the employing unit receives a credit under this paragraph, the
2.29 employing unit is responsible for refunding to the applicable employee any amount that
2.30 had been erroneously deducted from the person's salary.

2.31 (c) If erroneous employee deductions and employer contributions reflect a plan
2.32 coverage error involving any Public Employees Retirement Association plan specified in
2.33 section 356.99 and any other plan specified in that section, section 356.99 applies.

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

3.1 Sec. 14. Minnesota Statutes 2008, section 354.42, subdivision 7, is amended to read:

3.2 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions
3.3 taken from the salary of an employee for the retirement fund in ~~error~~ excess of amounts
3.4 required must be refunded to the employee upon the discovery of the error and after the
3.5 verification of the error by the employing unit making the deduction. The corresponding
3.6 excess employer contribution and excess additional employer contribution amounts
3.7 attributable to the erroneous salary deduction must be refunded to the employing unit.

3.8 (b) If salary deductions and employer contributions were erroneously transmitted to
3.9 the retirement fund and should have been transmitted to ~~another Minnesota public pension~~
3.10 the plan covered by chapter 354B, the executive director must transfer these salary
3.11 deductions and employer contributions to the account of the appropriate ~~public pension~~
3.12 fund person under the applicable plan without interest. ~~For purposes of this paragraph,~~
3.13 ~~a Minnesota public pension plan means a plan specified in section 356.30, subdivision~~
3.14 ~~3, or the plan governed by chapter 354B.~~

3.15 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
3.16 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
3.17 must not be made by the executive director. Within 30 days after being notified by the
3.18 Teachers Retirement Association of an unmade potential transfer under this paragraph,
3.19 the employer of the affected person must transmit an amount representing the applicable
3.20 salary deductions and employer contributions, without interest, to the ~~retirement fund of~~
3.21 ~~the appropriate Minnesota public pension plan fund~~ account of the applicable person under
3.22 the appropriate plan. The retirement association must provide a credit for the amount of
3.23 the erroneous salary deductions and employer contributions against future contributions
3.24 from the employer.

3.25 (d) If a salary warrant or check from which a deduction for the retirement fund was
3.26 taken has been canceled or the amount of the warrant or if a check has been returned to
3.27 the funds of the employing unit making the payment, a refund of the amount deducted,
3.28 or any portion of it that is required to adjust the salary deductions, must be made to the
3.29 employing unit.

3.30 (e) Erroneous direct payments of member-paid contributions or erroneous salary
3.31 deductions that were not refunded during the regular payroll cycle processing must be
3.32 refunded to the member, plus interest computed using the rate and method specified in
3.33 section 354.49, subdivision 2.

3.34 (f) Any refund under this subdivision that would cause the plan to fail to be a
3.35 qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not
3.36 be refunded and instead must be credited against future contributions payable by the

4.1 employer. The employer is responsible for refunding to the applicable employee any
4.2 amount that was erroneously deducted from the salary of the employee, with interest as
4.3 specified in paragraph (e).

4.4 (g) If erroneous employee deductions and employer contributions are caused by an
4.5 error in plan coverage involving the plan and any other plan specified in section 356.99,
4.6 that section applies.

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

4.8 Sec. 15. Minnesota Statutes 2008, section 354A.12, is amended by adding a
4.9 subdivision to read:

4.10 Subd. 6a. **Erroneous salary deductions or direct payments.** If erroneous
4.11 employee deductions and employer contributions reflect a plan coverage error involving
4.12 any plan covered by the this chapter and any plan specified in section 356.99, that section
4.13 applies.

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

4.15 Page 12, after line 17, insert:

4.16 **"CORRECTION OF PLAN COVERAGE ERRORS**

4.17 Sec. 18. **[356.99] CORRECTION OF ERRONEOUS DEFINED BENEFIT PLAN**
4.18 **COVERAGE.**

4.19 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs
4.20 (b) to (e) have the meanings given them.

4.21 (b) "Chief administrative officer" means the person selected or elected by the
4.22 governing board of a covered pension plan with primary responsibility to administer the
4.23 covered pension plan, or that person's designee or representative.

4.24 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision
4.25 3, except clauses (3), (5), (6), and (11).

4.26 (d) "Governing board" means the governing board of the Minnesota State Retirement
4.27 System, the Public Employees Retirement Association, the Teachers Retirement
4.28 Association, the Duluth Teachers Retirement Fund Association, or the St. Paul Teachers
4.29 Retirement Fund Association.

4.30 (e) "Member" means an active plan member in a covered pension plan.

4.31 Subd. 2. **Time limit for correction of errors.** (a) Any person who terminated the
4.32 erroneously covered service before a chief administrative officer determined the covered
4.33 pension plan coverage was in error retains the coverage with the plan that originally
4.34 credited the service.

5.1 (b) A member retains the coverage with the plan that originally credited the service
5.2 if the reporting error began earlier than two fiscal years prior to the fiscal year in which the
5.3 error was determined by the chief administrative officer.

5.4 Subd. 3. **Treatment to correct plan coverage error.** (a) If the reporting error
5.5 began within two fiscal years prior to the current fiscal year, the error must be corrected
5.6 as provided in this subdivision.

5.7 (b) Upon determination by a chief administrative officer of a plan coverage error
5.8 which must be corrected, the employer must stop remitting the erroneous employee
5.9 deductions and employer contributions and report the employee to the correct covered
5.10 pension plan for all subsequent service.

5.11 (c) On behalf of the applicable member, the chief administrative officer of the
5.12 covered pension plan fund that has received erroneous employee deductions and employer
5.13 contributions must transfer to the appropriate covered retirement plan fund an amount
5.14 which is the lesser of all contributions made by or on behalf of the member for the period of
5.15 erroneous membership, or the specific amount requested by the chief administrative officer
5.16 of the other covered pension plan which represents the employee deductions and employer
5.17 contributions that would have been made had the member been properly reported.

5.18 (d) If excess employee deductions remain in the member's account after the transfer
5.19 of funds, the remaining erroneous amount must be refunded to the person with interest at
5.20 the rate provided under the general refund law of the applicable covered pension plan. The
5.21 chief administrative officer must also return any remaining excess employer contributions
5.22 by providing a credit against future contributions payable by the employer.

5.23 (e) If the contributions transferred to the correct covered pension plan fund are
5.24 less than the amounts required for the period being corrected, the chief administrative
5.25 officer of the correct covered pension plan fund must collect the remaining employee
5.26 deductions and employer contributions from the employer under laws for recovering
5.27 deficient contributions applicable to the correct covered pension plan, except that no
5.28 interest is charged if the additional amounts due under this paragraph are received by the
5.29 chief administrative officer within 30 days of notifying the employer of the amount due.

5.30 (f) A potential transfer under this section that would cause a plan to fail to be a
5.31 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
5.32 made. Within 30 days after being notified by a chief administrative officer of an unmade
5.33 potential transfer under this section, the employer of the member must transmit an amount
5.34 representing the applicable salary deductions and employer contributions, without interest,
5.35 to the fund of the appropriate covered pension plan. The chief administrative officer of
5.36 the covered pension plan which erroneously provided coverage must provide a credit for

6.1 the amount of the erroneous salary deductions and employer contributions against future
6.2 contributions from the employer.

6.3 (g) Upon transfer of assets under paragraph (c) or (f), whichever is applicable,
6.4 allowable service and salary credit for the period being transferred is forfeited in the
6.5 erroneous plan and is granted in the correct plan.

6.6 **EFFECTIVE DATE.** This section is effective July 1, 2010. Any plan member
6.7 vested on or before the effective date of this section retains coverage by that plan unless
6.8 the member notifies and substantiates before July 1, 2011, to the chief administrative
6.9 officer of a covered pension plan that the person's coverage should be by another covered
6.10 pension plan.

6.11 Sec. 19. Minnesota Statutes 2008, section 490.123, is amended by adding a subdivision
6.12 to read:

6.13 Subd. 4. **Correction of contribution errors.** (a) If erroneous employee deductions
6.14 and employer contributions are caused by an error in plan coverage involving the judges
6.15 retirement plan and any other plan specified in section 356.99, that section applies.

6.16 (b) The provisions of section 352.04, subdivisions 8 and 9, apply to the judges'
6.17 retirement plan, except that if employee deductions or contributions are erroneously
6.18 transmitted to the judges' retirement fund for service provided after the service credit limit
6.19 under section 490.121, subdivision 22, has been attained, consistent with section 352D.04,
6.20 subdivision 2, no employer contributions shall transfer.

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

6.22 Sec. 20. **REPEALER.**

6.23 Minnesota Statutes 2008, sections 352.91, subdivision 5; and 353.88, are repealed."

6.24 Renumber the sections in sequence

6.25 Amend the title accordingly