



S.F. 489
(Pappas)

H.F. 629
(Murphy, M.)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Local police or paid fire relief associations
Relevant Provisions of Law: Minnesota Statutes, Chapters 6, 69, 297I, 353, 356, and 423A
General Nature of Proposal: Revises and repeals various statutes to reflect recent mergers
Date of Summary: February 14, 2013

Specific Proposed Changes

- Revises, repeals, or restructures the various retirement-related statutes that apply to or reference local police or paid firefighter relief associations to accommodate the consolidation/merger of all local police relief associations and all paid firefighter relief associations except the emergency on-call Bloomington Fire Department Relief Association.
- Adapts local relief association actuarial valuation requirements.
- Adapts the determination of excess police state aid for Minneapolis and Fairmont.
- Adds DTRFA full funding as alternative termination date for amortization state aids.
- Combines ongoing former local police and fire relief association merger provisions into a single stripped-down statutory section.
- Converts the 1969 Police and Paid Fire Relief Association Guidelines Act to a Bloomington Fire Department Relief Association special law.
- Eliminates obsolete deduction item from excess police state aid holding account.
- Limits financial reporting requirement to fire relief associations.
- Resets additional amortization state aid allocation percentages consistent with current law post-2010 specifications.
- Resets the authorized uses for first class city fire insurance premium surcharge.
- Revises amortization state aid and supplemental amortization state aid.
- Specifically includes the natural resources and public safety departments in police state aid provisions.

Policy Issues Raised by the Proposed Legislation

1. Appropriateness of the revision of the authorized uses for first class city fire insurance premium tax surcharge aid.
2. Appropriateness of the reformulation of the 1969 Guidelines Act as a Bloomington local law.
3. Appropriateness of continued placement of the 1971 Volunteer Fire Guidelines Act in Minnesota Statutes, Chapter 69.
4. Appropriateness of reducing the remaining ongoing PERA-P&F merger provisions to a single statutory provision.
5. Appropriateness of the repeal of Minnesota Statutes, Chapters 353A and 353B.
6. Appropriateness of the proposed combination of the amortization state aid program and the supplemental amortization state aid program.
7. Appropriateness of the proposed revisions in the future additional amortization state allocations
8. Unlikely future for additional amortization state aid allocation.
9. Appropriateness of including the DTRFA funded condition in the amortization state aid termination provision.

Potential Amendments

- S0489-1A repeals the first class city fire insurance premium tax surcharge aid effective July 1, 2013.
- S0489-2A instructs the Revisor of Statutes to recodify Minnesota Statutes, Sections 69.771 to 69.776 as new Minnesota Statutes, Sections 424A.091 to 424A.096, and to correct all statutory cross-references to the recodified provisions.
- S0489-3A eliminates the non-functional additional amortization state aid program effective July 1, 2013.



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director *JAM*
RE: S.F. 489 (Pappas); H.F. 629 (Murphy, M.): Revising or Repealing Obsolete Local Police or Paid Fire Relief Association Statutes
DATE: February 14, 2013

General Summary of S.F. 489 (Pappas); H.F. 629 (Murphy, M.)

S.F. 489 (Pappas); H.F. 629 (Murphy, M.) amends portions of Minnesota Statutes, Chapters 6, 69, 297I, 353, 356, and 423A, and repeals all or portions of Minnesota Statutes, Chapters 69, 353, 353A, 353B, and 423A, by making the following significant changes:

1. Updates References to Now Obsolete Police Relief Associations. With the merger of the last two local police relief associations (Minneapolis in 2011 and Fairmont in 2012), including specific provisions referencing local police relief associations is obsolete and unnecessary, and those specific reference provisions are updated. (Sec. 1, 13, 22, 49-56, 63-65)
2. Specifically Includes the Natural Resources and Public Safety Departments in Police State Aid Provisions. The Department of Natural Resources and the Department of Public Safety, first included in the police state aid allocation in 1996, are included in various police state aid provisions where appropriate, including the aid appeal process. (Sec. 15, 17, 20)
3. Adapts the Determination of Excess Police State Aid for Minneapolis and Fairmont. Fairmont and Minneapolis, with additional employer pension costs with respect to their merged former local police relief associations, would have their excess police state aid determination include those additional employer retirement costs. (Sec. 18)
4. Eliminates Obsolete Deduction Item from Excess Police State Aid Holding Account. The police officer stress reduction program, never created or funded, is eliminated as a deduction from the excess police state aid holding account. (Sec. 22)
5. Limits Financial Reporting Requirement to Fire Relief Associations. The reference to the local police relief association in the annual financial report/annual financial statement statutory requirements is eliminated. (Sec. 24, 27)
6. Resets the Authorized Uses for First Class City Fire Insurance Premium Surcharge. The first class city fire insurance premium surcharge program authorized use is shifted from local paid fire relief association deposit to defraying employer PERA-P&F contributions for paid firefighters. (Sec. 30, 47)
7. Converts the 1969 Police and Paid Fire Relief Association Guidelines Act to a Bloomington Fire Department Relief Association Special Law. The 1969 Police and Fire Relief Association Guidelines Act, once applicable to more than 49 local relief associations when enacted in 1969, now, with PERA-P&F mergers, only applies to the Bloomington Fire Department Relief Association and no longer needs to be more than a special law for Bloomington. (Sec. 3-4, 23, 31-46, 48, 59-63, 65-69, 77-79)
8. Combines Ongoing Former Local Police and Fire Relief Association Merger Provisions into a Single Stripped-Down Statutory Section. The provisions with ongoing application from the 1999 former local consolidation account mergers, the 2011 former Minneapolis Firefighters Relief Association merger, the former Minneapolis Police Relief Association merger, the 2012 Fairmont Police Relief Association merger, and the 2012 former Virginia Fire Relief Association merger are combined into a single statutory provision and the temporary or now obsolete provisions of those merger statutes are repealed. (Sec. 56-58, 81)
9. Repeals Local Police and Paid Fire Consolidations and Consolidation Account Statutes. The 1987 local police and paid fire relief association consolidation statute chapter, Minnesota Statutes, Chapter 353A, and the local police and paid fire consolidation account benefit provision statutory chapter, Minnesota Statutes, Chapter 353B, are repealed as obsolete with the merger of all of the local police and paid fire relief associations with the PERA-P&F. (Sec. 81)

10. Local Relief Association Actuarial Valuation Requirements Adapted. The provisions requiring annual financial reports and regular actuarial valuations are adapted to the elimination of all local police relief associations. (Sec. 60, 62)
11. Revises Amortization State Aid and Supplemental Amortization State Aid. The 1980 amortization state aid program and the 1984 supplemental amortization state aid program are combined, the state aid eligibility provision is shifted from a generic description of local police or paid fire relief associations to a specification of the two municipalities that received amortization state aid in July 2012, Fairmont and Minneapolis, specifying the aid amount for each based on the 2011 aid received by each, and replaces an annual amortization state aid application process with an annual certification of additional former relief association-related employer contribution process. (Sec. 70, 72-75, 82)
12. Resets Additional Amortization State Aid Allocation Percentages Consistent with Current Law Post-2010 Specifications. The additional amortization state aid allocation percentages are simplified by adjusting the percentages consistent with the 2009 law that redirected portions of the apportionments once the 1999 former local consolidation account merger additional employer contribution requirements expired in 2010. (Sec. 71)
13. Adds DTRFA Full Funding as Alternative Termination Date for Amortization State Aids. As an alternative to the full funding of the St. Paul Teachers Retirement Fund Association (SPTRFA) as the termination date for the amortization state aids, the date of full funding of the Duluth Teachers Retirement Fund Association (DTRFA), if later, is added as a termination date. (Sec. 76)
14. Removes Obsolete or Unnecessary Statutory References to Local Police Relief Associations. References to local police relief associations in various statutes that were made unnecessary or obsolete by virtue of the merger into PERA-P&F of the last two local police relief associations, Fairmont and Minneapolis, are eliminated. (Sec. 1, 13, 22, 49-56, 63-65)
15. Revises Statutory Language to Conform to Current Drafting Conventions. Portions of statutes connected with state aid programs or local relief association regulation are revised to better conform with current language style and usage conventions. (Sec. 2, 5-11, 12, 16, 21, 25-26, 28-29)

Section-by-Section Summary

A section-by-section summary of S.F. 489 (Pappas); H.F. 629 (Murphy, M.) is attached.

Background Information on Relevant Topics

To assist the Commission in considering the proposed legislation, background information relevant to the pension topics touched upon in the proposed legislation is attached, as follows:

- **Attachment A:** Background information on the Elements of the Fire State Aid Program.
- **Attachment B:** Background information on Police State Aid.
- **Attachment C:** Background information on the First Class City Insurance Premium Tax Surcharge.
- **Attachment D:** Background information on the Amortization State Aid Program.
- **Attachment E:** Background information on the Supplemental Amortization State Aid.
- **Attachment F:** Background information on the Additional Amortization State Aid Program.
- **Attachment G:** Background information on the 1969 Local Police and Paid Firefighters Relief Association Guidelines Act.
- **Attachment H:** Background information on the 1987 Local Public Safety Pension Plan Consolidation Law and the 1999 PERA-P&F Consolidation Account Merger Law.
- **Attachment I:** Comparison of Minn. Stat. 423A.02, Subd. 1b, and Proposed Revision (Sec. 71)

Discussion and Analysis

S.F. 489 (Pappas); H.F. 629 (Murphy, M.) revises, repeals, or restructures the various retirement-related statutes that apply to or reference local police or paid firefighter relief associations to accommodate the consolidation/merger of all local police relief associations and all paid firefighter relief associations except the emergency on-call Bloomington Fire Department Relief Association.

The proposed legislation raises a number of pension and related public policy issues for consideration by and possible discussion by the Commission, including the following:

1. Appropriateness of the Revision of the Authorized Uses for First Class City Fire Insurance Premium Tax Surcharge Aid. The policy issue is the need for a change in the allowable uses for the first class

city fire insurance surcharge aid and the appropriateness of requiring that first class city fire insurance surcharge aid be used solely for defraying all or a portion of the municipal contribution to the Public Employees Police and Fire Retirement Plan (PERA-P&F) for that municipality's firefighters. When enacted in 1934, the first class city fire insurance premium tax surcharge was specified as necessary to address funding difficulties in providing retirement benefit coverage to the firefighters in Duluth, Minneapolis, and St. Paul. At that time, each city had a firefighters' relief association and the surcharge aid was required to be deposited in the special fund in the relief association. Now, with the consolidation of the Minneapolis Firefighters Relief Association, none of the cities has a local firefighters' relief association. Some accommodation to the first class city fire insurance premium tax surcharge aid allowable uses probably should have been made in 1992, when both the Duluth Firefighters Relief Association and the St. Paul Firefighters both consolidated with the Public Employees Police and Fire Retirement Plan (PERA-P&F), or in 1999, when those two consolidation accounts within PERA merged with PERA-P&F, but that change was not made then. With the Minneapolis Firefighters Relief Association merger into PERA-P&F in 2011, there is a clear need to update the permissible uses for the aid. The proposed change would require each city to deposit the aid in a separate local account or fund to be expended only to pay the city's PERA-P&F employer contribution for its firefighters. Although PERA-P&F has funding difficulties and employer contribution rates were increased in 2010 and likely to be requested to increase again this Session, the financial condition of first class city firefighter pension obligations is significantly improved compared to the largely unfunded relief associations that existed in 1934. Since the 1934 surcharge aid was specifically enacted to address an emergency funding problem and those emergencies have been diminished or eliminated, an argument can be made that the surcharge should be repealed.

If the Commission views the surcharge aid as a pact between the insurance premium tax taxpayers in Duluth, Minneapolis, and St. Paul and the Legislature to address a specific emergency that was addressed 80 years ago and that is now essentially resolved, **Amendment S0489-1A** would repeal the aid effective July 1, 2013.

2. Appropriateness of the Reformulation of the 1969 Guidelines Act as a Bloomington Local Law. The policy issue is whether or not it is appropriate to covert the 1969 Guidelines Act, a generally applicable statute, to an uncoded local law for Bloomington and the Bloomington Fire Department Relief Association. With the 2011 merger of the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association into the Public Employees Police and Fire Retirement Plan (PERA-P&F) and the 2012 merger of the Fairmont Police Relief Association and the Virginia Firefighters Consolidation Account into PERA-P&F, Minnesota Statutes, 69.77, the 1969 Guidelines Act only applies to the Bloomington Fire Department Relief Association and is so indicated in its headnote in the 2012 edition of the statutes. The proposed legislation incorporates a 1994 Bloomington Fire special law (Laws 1994, Ch. 541, Sec. 2), providing a credit of one-tenth of any funding surplus if the relief association is over-funded and adds specific references to Bloomington, with instructions to the Revisor to exclude it from future editions of Minnesota Statutes, with the section number denoted as a local law for Bloomington fire pensions. The only reason for retaining Minnesota Statutes, Section 69.77, would be if it were possible for another paid firefighter relief association to be established. Minnesota Statutes, Section 356.25, prohibits the creation of any new local retirement plan other than a supplemental pension plan governed under Minnesota Statutes, Section 356.24, or a volunteer firefighter relief association governed by Minnesota Statutes, Chapter 424A. Any city that desired to replicate the Bloomington Fire Department Relief Association model, with a full annuity calculated as a percentage of the salary of a police officer in the same municipality as that salary increases over time, even if it has a volunteer (i.e., emergency on-call) fire department, would not comply with the benefit limitations of Minnesota Statutes, Chapter 424A, and could only do so through the vehicle of special legislation, allowing the Commission and the Legislature to either replicate the reformulated Bloomington Fire Guidelines Act for that city or to re-enact a general Guidelines Act statute. Until that time, recasting the 1969 Guidelines Act as the Bloomington Fire special law guidelines act would modestly reduce some of the clutter in pension-related law.
3. Appropriateness of Continued Placement of the 1971 Volunteer Fire Guidelines Act in Minnesota Statutes, Chapter 69. The policy issue is whether or not the Commission and the Legislature should take this opportunity to reposition the volunteer firefighter relief association funding requirements statutes with the volunteer firefighter relief association benefit coverage and operational statutes. The 1969 Local Police and Paid Firefighter Relief Association Guidelines Act was coded in Minnesota Statutes, Chapter 69, part of the area of Minnesota Statutes relating to insurance, because that chapter contained the fire state aid program and the police state aid program both funded from the dedicated proceeds of insurance premium taxes, and the penalty for noncompliance with the 1969 Guidelines Act was the loss of state aid (as well as other municipal funding). The 1971 Volunteer Firefighter Relief Association Guidelines Act was coded in Minnesota Statutes, Chapter 69, because it followed the same broad outline of regulation for volunteer firefighter relief associations that the 1969 Guidelines Act utilized for police and paid fire relief associations. With the proposed re-designation

of the 1969 Guidelines Act as a Bloomington Fire special law, it may be helpful to the volunteer fire community to reposition the 1971 Guidelines Act with the other volunteer firefighter relief association laws, found in Minnesota Statutes, Chapters 424A and 424B, the area of Minnesota Statutes relating to municipal government pensions. Unless or until the Revisor of Statutes or the Legislature fully reorganizes the disparate retirement pension laws into a separate portion of Minnesota Statutes, reorganizing into one area the scattered laws applicable to a particular group such as volunteer firefighters would reduce the current confusion in identifying the applicable pension law for new or infrequent users of those laws.

Amendment S0489-2A instructs the Revisor of Statutes to recodify Minnesota Statutes, Sections 69.771 to 69.776 as new Minnesota Statutes, Sections 424A.091 to 424A.096, and to correct all statutory cross-references to the recodified provisions.

4. Appropriateness of Reducing the Remaining Ongoing PERA-P&F Merger Provisions to a Single Statutory Provision. The policy issue is the appropriateness of folding down the five 1999-2012 local police and fire/PERA-P&F merger statutes into a single merger law, pared down to omit all of the now obsolete one-time provisions. The proposed change is essentially a housekeeping provision needed to eliminate the clutter from merging 45 local police or fire relief associations over the past 13 years. The question is one of the correct identification of the ongoing portions of the five merger statutes involved and the workability of the resulting single composite provision. The initial version of the proposed legislation was circulated with the staff of the Public Employees Retirement Association (PERA) and with representatives of the localities and local relief associations and their comments have been incorporated into the introduced proposed legislation.
5. Appropriateness of the Repeal of Minnesota Statutes, Chapters 353A and 353B. The policy issue is whether or not it is appropriate to repeal Minnesota Statutes, Chapter 353A, the 1987 local police and paid firefighters relief association consolidation act, and Minnesota Statutes, Chapter 353B, the 1987 local police and paid firefighter relief association benefit plan delineation law. With all of the applicable local police and paid firefighters relief associations now merged with the Public Employees Police and Fire Retirement Plan (PERA-P&F), there is no foreseeable need for either chapter. If the Bloomington Fire Department Relief Association, a volunteer fire department membership utilizing a salaried firefighter relief association benefit plan design by basing service pensions and other retirement benefits on the current salary of a top-grade Bloomington patrol officer, or if one of the larger benefit monthly benefit or combination volunteer firefighter relief associations seeks to end local administration of the retirement plan or seeks to pool liabilities with a larger risk pool, new consolidation legislation with very particular adaptations would be necessary, meaning that little of Minnesota Statutes, Chapter 353A, and none of Minnesota Statutes, Chapter 353B, could be utilized in that case.
6. Appropriateness of the Proposed Combination of the Amortization State Aid Program and the Supplemental Amortization State Aid Program. The policy issue is whether or not it is appropriate to fold the \$1 million supplemental amortization state aid program into the \$1.75 million amortization state aid program. The amortization state aid program, originally allocating \$6.53 million between 51 local police and paid firefighter relief associations as part of the 1980 local relief association membership phase-out and full amortization funding requirement imposition legislation, is allocated based on the difference between a 5% interest-only contribution requirement on the relief association's 1978 unfunded actuarial accrued liability and the full 1978 unfunded actuarial accrued liability amortization by 2010 contribution requirement. The supplemental amortization state aid program was enacted in 1984, during a budget surplus period, and was allocated based on the relative size of each relief association's unfunded actuarial accrued liability in the 1983 actuarial valuation compared to the 1983 unfunded actuarial accrued liability of all local relief associations. The two allocations were very similar, arguing for an eventual combination of the two aid programs. Now, when only two municipalities with relief associations qualified for the 2012 aid allocations, Fairmont and Minneapolis, and with Fairmont becoming fully funded upon its merger into PERA-P&F, there would not appear to be any administrative or other reason to have two aid programs.
7. Appropriateness of the Proposed Revisions in the Future Additional Amortization State Allocations. The policy issue is whether or not it is appropriate to simplify the allocation of any future additional amortization state aid program amounts freed up for redistribution when recipient municipalities lose eligibility when local police or paid firefighter relief associations become fully funded. Additional amortization state aid is a redirection of up to 45% of dedicated automobile casualty insurance premium tax receipts that are in excess of employer contribution requirements for police retirement coverage, referred to as "excess police state aid." Additional amortization state aid, if any, is allocated based on the proportional share of the total local police and paid firefighter relief association unfunded actuarial accrued liabilities for which each municipality is responsible. Provision in statute is made for a redistribution of any additional amortization state aid freed up when a previous recipient

municipality becomes ineligible in the future. The redistribution provisions were initially added in the past, when there was less certainty about the future of local relief associations, and are very complicated. A simplification of the redistribution formula would appear to be of benefit in untangling the various program provisions, and the proposed legislation makes that simplification, based on the eventual aid distribution when all relief associations triggering redistributions become fully funded. The revision has been circulated to interested parties and no comments on it at all have been received.

8. Unlikely Future for Additional Amortization State Aid Allocation. The policy issue is the question of whether or not to repeal the Additional Amortization State Aid Program given that no aid under the program has been paid in recent years and there is little prospect for dedicated automobile casualty insurance premium taxes generating "excess police state aid" that drives the aid program. Automobile casualty insurance premium tax receipts hit a high of \$78.8 million in 2004, but have plateaued at about \$63 million in 2009-2011. Employer contribution rates for the Public Employees Police and Fire Retirement Plan (PERA-P&F) were increased in 2006 and 2010, going from 9.3% of covered pay to 14.4% of covered pay over that period, and are likely to be proposed for an additional increase by the police and professional fire communities this Session. The average salary of PERA-P&F members have increased from \$63,081 in 2006 to \$72,275 in 2012. The reduced automobile casualty insurance premium tax revenue, increased number of police officers statewide, increased average police salaries, and increased PERA-P&F employer contributions all contribute to an elimination of "excess police state aid" and a non-functional additional amortization state aid program. Since these trends do not appear to be changing over the near term, there does not appear to be any need to retain the additional amortization state aid program in the future.

Amendment S0489-3A would eliminate the non-functional additional amortization state aid program effective July 1, 2013.

9. Appropriateness of Including the DTRFA Funded Condition in the Amortization State Aid Termination Provision. The policy issue is whether or not it is appropriate to base the termination of the amortization state aid program on the later date of when the St. Paul Teachers Retirement Fund Association (SPTRFA) and the Duluth Teachers Retirement Fund Association (DTRFA) become fully funded rather than only the SPTRFA full funding date. Initially, in 1980, the amortization state aid program would have terminated whenever all local police and paid fire relief associations became fully funded, required by 1980 law to be no later than 2010. In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 18), a provision was added specifying a termination date for all three amortization aid program, basing the termination on the later of the full funded date of the former Minneapolis Teachers Retirement Fund Association (MTRFA) or the SPTRFA, omitting the DTRFA because it was 99.2% funded in 1999. In 2009 (Laws 2009, Ch. 169, Art. 8, Sec. 2), the DTRFA was included in the reallocation of amortization state aid, but the DTRFA was not included in the termination provision. This would correct what appears to be an oversight from 2009.

Section-by-Section Summary of S.F. 489 (Pappas); H.F. 629 (Murphy, M.)

Sec.	Pg.Ln	Stat. Provision	City/Retirement Plan	General Substance	Summary
1	1.26	6.495, Subd. 1	Local police relief associations	State Auditor relief association audits	Eliminates obsolete reference to local police relief associations.
2	2.12	6.495, Subd. 3	Local police and fire relief associations	State Auditor financial compliance certification	Updates the provision based on current language style and usage conventions without intended substantive change.
3	2.21	6.67	Local police and fire relief associations	Accountant misconduct reporting	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
4	2.33	13D.01, Subd. 1	Local relief associations	Open meeting requirement	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
5	3.27	69.011, Subd. 1	Police and fire state aid	Definitions	Corrects a statutory cross-reference.
6	5.33	69.011, Subd. 2	Police and fire state aid	Aid qualification	Consolidates aid eligibility filing requirements into a single paragraph and clarifies the March 15 filing date for PERA for the statewide volunteer firefighter retirement plan (PERA-SVFRP) and eliminates obsolete provisions relating to allocations of fire state aid to counties before allocation to municipalities.
7	7.8	69.011, Subd. 3	Police and fire state aid	Filing failure consequences	Divides the provision into specific paragraphs, adds appropriate county references applicable for police state aid certificates, clarifies a filing failure reference, and eliminates an obsolete date reference.
8	7.21	69.011, Subd. 4	Police and fire state aid	Fire state aid qualification	Clarifies the application of the provision to the fire state aid program, divides the provision into separate paragraphs, and updates the provision based on current language style and usage conventions without intended substantive change.
9	8.23	69.021, Subd. 1	Police and fire state aid	Insurance company reports	Updates the provision based on current language style and usage conventions without intended substantive change.
10	8.32	69.021, Subd. 2	Police and fire state aid	Insurance company reports	Updates the provision based on current language style and usage conventions without intended substantive change.
11	9.19	69.021, Subd. 3	Police and fire state aid	Fraudulent or late premium report filing penalty	Clarifies that the Revenue Commissioner sets the monetary fraudulent or late premium report filing penalty, updates the provision based on current language style and usage conventions without intended substantive change, and adds an additional paragraph division.
12	10.3	69.021, Subd. 4	Police and fire state aid	Aid recipient determination	Updates the provision based on current language style and usage conventions without intended substantive change.
13	10.30	69.021, Subd. 5	Police and fire state aid	State aid calculation	Eliminates the deduction of any State Auditor amount for the payment of audit costs for local police relief associations.
14	11.27	69.021, Subd. 7	Fire state aid	Fire state aid amount determination	Clarifies that fire state aid is only allocated to qualified aid recipients.
15	13.25	69.021, Subd. 7a	Police state aid	Police state aid amount determination	Adds appropriate references to the Department of Natural Resources or the Department of Public Safety as aid recipients and adds a state aid apportionment adjustment provision taken from repealed Sec. 69.021, Subd. 6.
16	14.15	69.021, Subd. 8	Fire state aid	Fire state aid population & property value, source of allocation basis	Updates the provision based on current language style and usage conventions without intended substantive change.
17	14.22	69.021, Subd. 9	Police and fire state aid	Allocation appeal process	Adds appropriate references to the Department of Natural Resources and the Department of Public Safety and clarifies that appeals for the departments and the PERA-SVFRP must be venued in the Ramsay County district court.
18	15.1	69.021, Subd. 10	Police state aid	Aid apportionment reduction	Revises the determination of excess police state aid to accommodate the consolidations with PERA-P&F of all local police relief associations and the end of additional employer contributions to PERA-P&F with respect to merged local police pension plans other than for the cities of Fairmont and Minneapolis.
19	17.34	69.021, Subd. 11	Police state aid	Excess police state aid holding account	Eliminates a reference to a state-funded police officer stress reduction program, which was never established.
20	18.13	69.031, Subd. 1	Police and fire state aid	Aid payment warrant	Adds appropriate references to the Department of Natural Resources and the Department of Public Safety as aid recipients, clarifies that interest on late aid payments is payable to the state aid recipient, and adds a positive statement of the due date for state aid payments.
21	18.27	69.031, Subd. 3	Police and fire state aid	State aid appropriation	Clarifies the references to the police state aid payments and the fire state aid payments.
22	18.32	69.031, Subd. 5	Police and fire state aid	State aid deposit	Eliminates provisions relating to the deposit of police state aid in local police relief associations made obsolete with the recent merger with PERA-P&F of the last police relief associations.

Section-by-Section Summary of S.F. 489 (Pappas); H.F. 629 (Murphy, M.)

Sec.	Pg.Ln	Stat. Provision	City/Retirement Plan	General Substance	Summary
23	21.6	69.041	Local police and fire relief associations	Retirement plan shortfalls from State General Fund	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
24	21.16	69.051, Subd. 1	Local police and fire relief associations	Financial reporting requirements	The reporting requirement is revised to reflect the Bloomington Fire Department Relief Association as the last paid fire relief association and to reflect the merger of all local police relief associations with PERA-P&F and some language style and usage improvements are made.
25	22.14	69.051, Subd. 1a	Volunteer firefighter relief associations	Financial statement contents & filing	An obsolete reference to police is eliminated and a more appropriate reference to municipal governing body is substituted for the less precise reference to city council.
26	23.17	69.051, Subd. 1b	Volunteer firefighter relief associations	Financial statement deadlines and time extensions	Updates the provision based on current language style and usage conventions without intended substantive change.
27	23.28	69.051, Subd. 2	Local police and fire relief associations	Treasurer bonding requirements	Resets the general local police or paid fire relief association bond requirement as a requirement applicable solely to the Bloomington Fire Department Relief Association.
28	24.3	65.051, Subd. 3	Municipalities without volunteer fire relief associations	Financial reporting requirements	The preparation of the financial report by a municipality which does not have a volunteer firefighter relief association and is not covered by the PERA-SVFRP is made the responsibility of the chief administrative officer of the municipality.
29	24.26	65.051, Subd. 4	Local police and fire relief associations	State aid m malfeasance notification report to the LCPR	The provision is clarified that malfeasance, misfeasance, or nonfeasance by either relief association officials or municipal officials triggers the notification requirement
30	25.1	69.33	First class city fire insurance premiums	Insurance company report	A cross-reference to the first class city fire insurance premium tax surcharge is added to the provision requiring reporting required to determine the surcharge aid.
31	25.15	69.77, Subd. 1	1969 Police & Fire Guidelines Act	Application of the funding requirement	The application of the funding requirement is specified as Bloomington and the Bloomington Fire Department Relief Association, as the only remaining local police or paid fire relief association after the mergers of the Fairmont Police Relief Association, the Minneapolis Police Relief Association, and the Minneapolis Firefighters Relief Association.
32	26.7	69.77, Subd. 2	1969 Police & Fire Guidelines Act	Noncompliance penalty	The provision is limited to the sole remaining paid fire relief association, the Bloomington Fire Department Relief Association.
33	26.11	69.77, Subd. 3	1969 Police & Fire Guidelines Act	Member contribution	The provision is limited to the sole remaining paid fire relief association, the Bloomington Fire Department Relief Association.
34	26.25	69.77, Subd. 4	1969 Police & Fire Guidelines Act	Minimum municipal obligation	The provision is limited to the Bloomington Fire Department Relief Association and is expanded to include the special reverse amortization procedure of one-tenth of any funding surplus from Laws 1994, Ch. 541, Sec. 2.
35	28.18	69.77, Subd. 5	1969 Police & Fire Guidelines Act	Submission of funding requirements.	The provision is limited to the Bloomington Fire Department Relief Association.
36	28.26	69.77, Subd. 6	1969 Police & Fire Guidelines Act	Municipal payment	The provision is limited to the Bloomington Fire Department Relief Association.
37	29.3	69.77, Subd. 7	1969 Police & Fire Guidelines Act	Budget inclusion requirement	The provision is limited to the Bloomington Fire Department Relief Association.
38	29.23	69.77, Subd. 8	1969 Police & Fire Guidelines Act	Accelerated amortization	The provision is limited to the Bloomington Fire Department Relief Association.
39	29.28	69.77, Subd. 9	1969 Police & Fire Guidelines Act	Investment authority	The provision is limited to the Bloomington Fire Department Relief Association and the special general fund investment provision is consolidated into paragraph (b).
40	30.11	69.77, Subd. 10	1969 Police & Fire Guidelines Act	Actuarial valuation reporting requirement	The provision is limited to the Bloomington Fire Department Relief Association.
41	30.22	69.77, Subd. 11	1969 Police & Fire Guidelines Act	Municipal benefit change approval	The provision is limited to the Bloomington Fire Department Relief Association.
42	31.1	69.77, Subd. 12	1969 Police & Fire Guidelines Act	Prior member contribution rate laws	The provision is limited to the Bloomington Fire Department Relief Association.
43	31.12	69.77, Subd. 13	1969 Police & Fire Guidelines Act	Citation	The enactment is renamed the Bloomington Fire Department Relief Association Guidelines Act.
44	31.15	69.771, Subd. 1	1971 Volunteer Fire Guidelines Act	Covered relief associations	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
45	31.25	69.80	Local police & fire admin. expenses	Authorized administrative expenses	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
46	32.28	275.70, Subd. 5	Property taxation	Special levies definition	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.

Section-by-Section Summary of S.F. 489 (Pappas); H.F. 629 (Murphy, M.)

Sec.	Pg.Ln	Stat. Provision	City/Retirement Plan	General Substance	Summary
47	36.13	2971.10, Subd. 1	1 st class city fire insurance premium surcharge aid	Aid collection and payment	Clarifies that the surcharge aid is payable to the applicable city of the first class rather than fire relief association, reflecting the merger of all first class city fire relief associations with PERA-P&F
48	36.27	345.381	Abandoned property disposition	Public pension fund property	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
49	37.1	353.01, Subd. 2a	PERA	Included employees	Eliminates the obsolete special PERA-General inclusion for employees of the former Minneapolis Firefighters Relief Association or the former Minneapolis Police Relief Association.
50	38.13	353.01, Subd. 2b	PERA	Excluded employees	Eliminates an obsolete reference to the former local police or paid fire relief association members.
51	41.26	353.01, Subd. 6	PERA	Governmental subdivision definition	Eliminates the obsolete reference to the former Minneapolis Firefighters Relief Association or the former Minneapolis Police Relief Association.
52	43.7	353.01, Subd. 10	PERA	Salary definition	Eliminates the obsolete salary provision related to the former local police and paid fire consolidation accounts in PERA.
53	44.27	353.01, Subd. 16	PERA	Allowable service definition	Eliminates the obsolete allowable service credit provision related to the former local police and paid fire consolidation accounts in PERA.
54	47.33	353.64, Subd. 1a	PERA-P&F	Other membership groups	Eliminates an obsolete pre-1961 membership grand-parenting provision and eliminates obsolete inclusions relating to members of former local police and paid fire consolidation accounts who had not elected PERA-P&F coverage by 1999.
55	48.31	353.659	PERA-P&F	1987 consolidation savings law provision	Updates the provision based on current language style and usage conventions without any intended substantive impact and corrects cross-references to obsolete provisions repealed in Sec. 66.
56	49.13	353.665, Subd. 1	PERA-P&F	1999 merger savings law provision; application	As part of an amalgamation of the very similar ongoing portions of Sec. 353.665, 353.667, 353.668, 353.669, and 353.6691, the subdivision is converted into an application provision indicating that it applies to the cities and memberships of the 44 relief associations that consolidated under the 1987 law before 1999, the former Minneapolis Firefighters Relief Association, the former Minneapolis Police Relief Association, the former Fairmont Police Relief Association, and the former Virginia Fire Department Relief Association.
57	50.1	353.665, Subd. 5	PERA-P&F	Benefit coverage after merger	As part of the Sec. 353.665, 353.667, 353.668, 353.669, and 353.6691 amalgamation, the laws governing the applicable benefit plans for the various memberships of the former relief associations are delineated.
58	51.10	353.665, Subd. 8	PERA-P&F	Member and employer contributions after merger	As part of the Sec. 353.665, 353.667, 353.668, 353.669, and 353.6691 amalgamation, the member and municipal contributions related to former police or paid fire relief associations are specified.
59	53.10	353.71, Subd. 1	PERA; PERA-P&F	Service in more than one fund provision	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
60	63.30	356.20, Subd. 2	Retirement systems, generally	Annual financial reporting; covered retirement plan specification	Substitutes the Bloomington Fire Department Relief Association for local police and paid fire relief associations, reflecting its status as the last remaining retirement plan of the type.
61	54.21	356.215, Subd. 18	Retirement systems, generally	Actuarial assumption changes; approval	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
62	55.6	356.216	Retirement systems, generally	Actuarial reporting; local police and paid fire valuation contents	Clarifies that the special valuation contents provision applies solely to the Bloomington Fire Department Relief Association and monthly volunteer firefighter relief associations, clarifies that the Bloomington Fire Department Relief Association amortization period is 20 years following the initial year in which the relief association has incurred an unfunded actuarial accrued liability, with separate 20-year amortization periods for each net actuarial experience loss occurring thereafter, specifies that actuarial valuations must be filed with the frequency required by generally accepted governmental sector accounting principles if that frequency is less than four years, and updates the provision based on the current language style and usage conventions without any intended substantive changes.
63	56.27	356.219, Subd. 1	Retirement systems, generally	Investment report; report requirements	The application of the reporting requirement for the Bloomington Fire Department Relief Association is clarified.
64	57.20	356.219, Subd. 2	Retirement systems, generally	Investment report; asset class definition	Removes unnecessary cross-references to Sec. 69.77 and 69.775
65	58.9	356.219, Subd. 8	Retirement systems, generally	Investment report; report timing	Substitutes the Bloomington Fire Department Relief Association for local police and paid fire relief associations, reflecting its status as the last remaining retirement plan of the type.
66	58.28	356.406, Subd. 1	Survivor benefit reinstatement	Definition of pension plan	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.

Section-by-Section Summary of S.F. 489 (Pappas); H.F. 629 (Murphy, M.)

Sec.	Pg.Ln	Stat. Provision	City/Retirement Plan	General Substance	Summary
67	59.19	356A.01, Subd. 19	Public pension fiduciary responsibility	Definition of pension fund	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
68	59.25	356A.06, Subd. 4	Public pension fiduciary responsibility	Economic interest statement	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
69	60.21	356A.07, Subd. 2	Public pension fiduciary responsibility	Annual financial reporting to members	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
70	60.27	423A.02, Subd. 1	Police and paid fire relief associations	Amortization state aid; eligibility and apportionment	Simplifies the aid provision, replaces generic references to aid recipients with a specific indication of two recipients, Fairmont and Minneapolis, eliminates aid applications with appropriate certifications, corrects aid dollar limit specification, amalgamates supplemental amortization aid with amortization aid, and shifts the date for the payment of residual aid to teacher retirement plans from July 1 to July 15, when other aid is payable.
71	62.9	423A.02, Subd. 1b	Police and paid fire relief associations	Additional amortization state aid; eligibility and apportionment	Simplifies the aid provision, replaces broad generic references to aid recipients with five specific recipients (the city of Duluth, the SPTRFA, the city of Minneapolis, the city of Virginia, and the minimum volunteer firefighter state aid program), revises the aid allocation percentages consistent with prior law now that all merged former local police and fire consolidation accounts no longer have an additional municipal contribution and appropriately revises the triggering event for potential future reallocations of Minneapolis and Virginia aid.
72	64.23	423A.02, Subd. 2	Police and paid fire relief associations	Amortization state aid; continuing eligibility	Revises the aid continuation eligibility by eliminating all obsolete eligibility provisions and clarifying Fairmont and Minneapolis continuing eligibility.
73	65.5	423A.02, Subd. 3	Police and paid fire relief associations	Reallocation of amortization and supplemental amortization aid; eligibility	Eliminates obsolete references, moves the teacher retirement fund payment date back to July 15 annually, and adds a loss of eligibility provision for the DTRFA comparable to the SPTRFA provision.
74	65.30	423A.02, Subd. 3a	Police and paid fire relief associations	Amortization state aid; appropriation amount	Combines the current amortization aid and supplemental amortization aid maximums into one aid maximum, reflecting the combination of the amortization state aid and the supplemental amortization state aid.
75	66.5	423A.02, Subd. 4	Police and paid fire relief associations	Amortization state aid; aid limitations	Revises language to reflect the consolidation of the amortization state aid and supplemental amortization state aid and reflects the consolidation of certain PRA-P&F additional municipal contributions for former merged police and fire relief associations.
76	66.18	423A.02, Subd. 5	Police and paid fire relief associations	Amortization state aid; program termination	Revises the provision to reflect the consolidation of the supplemental amortization aid and the amortization aid and adds DTRFA full funding as the alternative termination trigger.
77	66.26	424A.001, Subd. 4	VFRA retirement coverage	Definition of relief association	Revises reference to the Bloomington Fire Department Relief Association.
78	67.16	424A.02, Subd. 9	VFRA retirement coverage	Ancillary benefit limitations	Replaces 1969 Guidelines Act citation with Bloomington Fire Guidelines Act citation.
79	69.12	475.52, Subd. 6	Municipal bonding authority	Pension-related bonding	Replaces 1969 Guidelines Act citation with Bloomington Fire Department Relief Association reference.
80	69.25	Revisor instructions	--	Revisor instructions	Removes Sec. 69.77, from the statutory code, reflecting the conversion of the 1969 Police and Fire Relief Association Guidelines Act into a Bloomington Fire Department Relief Association special law.
81	69.29	Repealer	--	Repealer	Repeals various statutory provisions that related solely to local police and paid fire relief associations and repeals the supplemental amortization aid.
82	70.10	Effective date	--	Effective date	Most of the sections are effective July 1, 2013, with the amortization state aid program provision effective on June 1 and eligibility for fiscal year 2013 amortization state aid retroactive to the effective dates of the Minneapolis and Fairmont relief association mergers.

Background Information on the Elements of the Fire State Aid Program

1. Establishment. The fire state aid program was initially established in 1885 (Laws 1885, Ch. 187). The program is currently codified in Minnesota Statutes, Sections 69.011 through 69.051.

The 1885 fire state aid program dedicated one half of the premium taxes (essentially 1% of premiums) collected by the state from fire insurance companies as fire state aid. The allocation of the fire state aid was on the basis of the amount of premiums received by the fire insurance companies for each city, town, village, or other municipal corporation that had previously filed a certificate of the existence of an organized fire department that had been in existence for at least one year and that had at least one fire engine, hook and ladder truck, or hose cart. The municipal certification, prepared by the municipal recorder or clerk, was required annually, no later than October 31, and was to include information on the number of fire engines possessed by the fire department, the number of hook and ladder trucks and hose carts actually used by the fire department, the system of water supply used by the fire department, and any additional information the insurance commissioner required. Fire insurance companies were required, by the subsequent July 1, to complete an insurance commissioner form that listed the various towns entitled to receive fire state aid by reporting the amount of the prior year's annual fire insurance premiums received in each of the named towns, cities, villages or other municipal corporations.

The fire state aid was initially intended to assist municipal and other fire departments in obtaining firefighting equipment and in providing firefighter pension coverage. The 1885 fire state aid was payable to the city, town, village, or municipal corporation treasurer and was required to be placed in a special municipal fund and expended, first, for the support and relief of firefighters who were injured or disabled in the line of duty and, second, for equipping and maintaining the fire department. In 1903 (Laws 1903, Chapter 20), the fire state aid program was revised. The principal revisions were an increase in the amount of the fire insurance premium tax that was dedicated to the program from one half of the premium taxes collected to the total amount, the inclusion of the widow and orphans of firefighters as a permissible fire state aid expenditure, the expansion of fire state aid expenditure requirements to include firefighters who became sick or who were injured or disabled other than while on duty, the addition of a requirement that a municipality's fire state aid be paid directly to the relief association treasurer if there is an incorporated fire department relief association in the municipality that was organized with municipal consent, and the addition of a requirement that the public examiner examines the books of the relief association periodically. The fire state aid program was also clarified by the 1903 legislation as applicable to partially paid and partially volunteer fire departments as well as to organized fire departments. In 1943 (Laws 1943, Chapter 328), for municipalities and nonprofit firefighting corporations with fire pension coverage, the fire state aid was dedicated to fire pension funding.

Fire state aid is payable to municipalities and fire departments with paid or volunteer firefighters or with a combination of paid and volunteer firefighters.

2. Source of Fire State Aid Revenue. Since 1995, the fire state aid program has been primarily funded from a premium tax on various types of minimum coverage, primarily fire insurance. For the fire state aid program, the dedicated revenue is the greater of either 107% of the fire, lightning, sprinkler leakage, and extended coverage insurance premium taxes collected or an amount equal to 1% of the fire, lightning, sprinkler leakage, and extended coverage premiums written by town and farmers' mutual insurance companies and by mutual property and casualty companies with assets not exceeding \$5 million and to 2% of the fire, lightning, sprinkler leakage, and extended coverage premiums written by all other fire risk insurers. The fire state aid program includes modifications in 1969, 1988, 1991, 1995, and 1996.

The 1969 Legislature (Laws 1969, Ch. 1001) extended the premium tax dedicated to the fire state aid program beyond fire insurance premium taxes paid by domestic mutual insurance companies to include township and farmers' insurance companies and to include lightning and sprinkler leakage insurance coverage, but excluded automobile and ocean marine fire business. Nonprofit firefighting corporations that have a relief association or a retirement plan were also included in the fire state aid allocation. The fire state aid apportionment method also changed from a system based on the geographical location of the insured property to a system with the geographical location of the insured property to a system with one half based on the relative population size, based on the last federal census, and one half based on the relative property value.

In 1988 (Laws 1988, Ch. 719, Art. 2, Secs. 1-5), the Legislature began altering the fire insurance premium tax base, the fire insurance premium tax rates, and the relationship between tax revenues and fire state aid. In 1988, the Legislature created a uniform premium tax base for all insurance companies but created differential tax rates.

In 1991 (Laws 1991, Ch. 291, Art. 13), the Legislature reversed the prior (1988) policy of insulating fire state aid recipients from changes in tax collections and the tax amounts dedicated to the program were limited to the amount generated by the actual fire insurance premium tax rates in effect, which for mutual insurance companies under \$1.6 billion in assets as of December 1, 1989, is less than 2% on insurance premiums reported for fire, lightning, sprinkler damage, and extended coverage.

In 1995 (Laws 1995, Ch. 264, Art. 9), the various insurance premium taxes were increased and the revenue available for the fire state aid program was also increased. The 1995 Legislature increased the insurance premium tax rates for town and farmers' mutual insurance companies and for mutual property casualty companies with assets no greater than \$1.6 billion. The pre-1995 insurance premium tax rate for these mutual insurance companies was .05% of the amount of all premiums. The rate was increased by the 1995 Legislature to 2% of all life insurance premiums, 1% of all other insurance premiums for all town and farmers' mutual insurance companies and for the smaller mutual property and casualty companies (assets of no more than \$5 million) and 1.26% of all other insurance premiums for the larger mutual property and casualty companies (assets over \$5 million and no greater than \$1.6 billion). The 1995 Legislature increased the insurance premium tax revenue dedicated to the fire state aid program and the police state aid program. For the fire state aid program, the dedicated revenue was increased from the amount of insurance premium taxes collected on fire, lightning, sprinkler leakage, and extended coverage insurance, to the greater amount of either 107% of the fire, lightning, sprinkler leakage, and extended coverage insurance premium taxes collected or an amount equal to 1% of the fire, lightning, sprinkler leakage, and extended coverage premiums written by town and farmers' mutual insurance companies and by mutual property and casualty companies with assets not exceeding \$5 million and to 2% of the fire, lightning, sprinkler leakage, and extended coverage premiums written by all other fire risk insurers.

In 1996 (Laws 1996, Ch. 438, Art. 4, Secs. 2 & 9), the Legislature decided to implement a minimum fire state aid floor for volunteer firefighter relief associations that currently receive a disproportionately small amount of fire state aid on a per active member (1993 count) basis. The fire state aid floor is funded from sources other than the insurance premium tax structure. Thirty percent of any unallocated amortization or supplemental amortization state aid (caused by payment of a 13th check by the Minneapolis Police or Minneapolis Fire Relief Associations, or by a police or paid fire relief association or consolidation account reaching full funding) is to be used to establish a minimum fire state aid amount for volunteer fire relief associations. The aid is to be allocated to the relief associations so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter, based on a maximum of 30 firefighters. The amount of the minimum fire state aid is a function of the amount of the funding available.

A minimum fire state aid floor, funded from a portion of local police and paid fire relief association amortization aid or supplemental amortization aid that has been freed up by fully funded local police and paid fire pension plans, targeted at volunteer firefighter relief associations that would otherwise receive a disproportionately small amount of fire state aid on a per-active-member basis, was established in 1996 and is added to the initial fire state aid amount.

Total fire state aid, including the minimum fire state aid floor since 1996, has increased over time, as follows:

Year	Total Fire State Aid	Annual Percentage Increase	Aid to Volunteer Firefighters	Annual Percentage Increase	Aid to Paid Firefighters	Annual Percentage Increase
1988	\$10,840,404	--	\$7,528,581	--	\$3,311,823	--
1989	10,923,145	0.76%	7,601,263	0.96%	3,321,882	0.30%
1990	10,872,111	(0.47)	7,508,647	(1.22)	3,363,464	1.25
1991	10,491,446	(3.50)	7,650,439	1.89	2,841,532	(15.52)
1992	10,530,014	0.37	7,716,007	0.85	2,814,007	(0.97)
1993	9,997,957	(5.05)	7,349,215	(4.75)	2,648,742	(5.88)
1994	10,665,543	6.68	7,869,847	7.08	2,795,696	5.55
1995	11,336,631	6.29	8,405,060	6.80	2,931,571	4.86
1996	14,797,126	30.52	11,006,256	30.95	3,790,870	29.31
1997	15,148,160	2.37	11,476,519	4.27	3,671,641	(3.15)
1998	16,088,768	6.21	11,976,222	4.35	4,112,546	12.01
1999	16,682,376	3.69	12,419,342	3.70	4,263,034	3.66
2000	17,265,502	7.31	12,879,980	3.71	4,385,522	2.87

Year	Total Fire State Aid	Annual Percentage Increase	Aid to Volunteer Firefighters	Annual Percentage Increase	Aid to Paid Firefighters	Annual Percentage Increase
2001	17,964,376	4.05	13,595,203	5.55	4,369,173	(0.37)
2002	19,912,608	10.84	14,930,886	9.82	4,981,722	14.02
2003	24,343,081	22.25	18,185,901	21.80	6,157,180	23.60
2004	31,206,380	28.19	23,331,575	28.29	7,874,805	27.90
2005	30,461,385	(2.39)	22,746,982	(2.51)	7,714,403	(2.04)
2006	32,357,893	6.22	24,255,625	6.63	8,102,268	5.03
2007	28,299,538	(12.64)	20,972,309	(13.63)	7,327,229	(9.54)
2008	24,400,838	(13.77)	17,659,980	(15.79)	6,740,858	(8.01)
2009	20,136,318	(17.47)	14,833,602	(16.01)	5,302,716	(21.33)
2010	21,202,016	5.29	15,680,158	5.71	5,521,858	4.13
2011	22,851,092	7.78	17,697,937	12.87	5,153,155	(6.68)
2012	22,862,506	0.05	17,604,169	(0.53)	5,258,337	2.04

3. Qualification Requirements for Receipt of Fire State Aid. Before 1969, fire state aid was provided to municipalities that had an organized fire department upon the filing of a certificate by the municipal clerk stating that the fire department exists, stating that the fire department does not employ any minor under age 18, and indicating the fire department's water supply, the number for fire department organized companies, the number of fire department engines and trucks, the number of hose carts in use, and the number of hose feet in use.

In 1969, the qualifications for fire state aid were increased. Municipalities and independent nonprofit firefighting corporations using paid, volunteer, or a combination of paid and volunteer firefighters can qualify to receive state aid. To determine which municipalities and independent nonprofit firefighting corporations qualify for the aid, the municipal clerk or the secretary of the nonprofit firefighting corporation, if appropriate, and fire chief certify by March 15 of each year to the Department of Revenue that a municipal fire department or nonprofit firefighting corporation exists which meets minimum required standards for the aid. These standards include a requirement that the fire department or nonprofit firefighting corporation be in existence at least one year, that it have at least ten paid or volunteer firefighters, that regularly scheduled meetings are held for training and equipment maintenance, and that the department has at least one fire truck and other necessary firefighting equipment.

4. Allocation of Fire State Aid. Initially, fire state aid was allocated to the various municipalities and independent nonprofit firefighting corporations based on the amount of fire insurance written in that firetown, as identified by the various insurance agents and insurance companies. The allocation method eventually proved problematic, in part because of errors made by insurance company agents in identifying applicable firetowns.

In 1969, the allocation method was shifted to a combination of population ranking and property value ranking. One half of the fire state aid was distributed in proportion to the population according to the last federal census and one half was distributed in proportion to property market values, excluding mineral values but including tax-exempt property. This allocation method reflected an assumption that local property values and population relative to the whole state reflect the relative need for fire protection services.

In 1996, for municipalities and independent nonprofit firefighting corporations with wholly volunteer fire departments, and additional allocation of aid is made to bring the municipal or corporation total up to the minimum volunteer firefighter fire state aid amount multiplied by the total number of active volunteer firefighters to a maximum of 30 firefighters.

5. Permissible Use of Fire State Aid. Initially, in 1885, fire state aid could be used to provide firefighters with pension coverage or to maintain the fire department, including the purchase of fire equipment. In 1943, the fire state aid was dedicated solely to firefighter pension funding if the firefighters have pension coverage. For municipalities and nonprofit firefighting corporations where the associated firefighters do not have pension coverage, fire state aid must be used to maintain the fire department or purchase fire equipment.

Background Information on Police State Aid

1. **Establishment.** The police state aid program was initially established in 1971 (Laws 1971, Ch. 695). The program was initially codified and remains codified as Minnesota Statutes, Sections 69.011 through 69.051. The police state aid program was intended to replicate for police pension purposes the fire state aid program, which was established in 1875.

The police state aid program was initially recommended by the Legislative Commission on Pensions and Retirement and was intended to assist governmental subdivisions, principally municipalities with local police relief associations, in meeting their growing financial requirements in funding police pensions. Recognition of the need to fund police pensions and the obligation to meet the financial requirements of police pensions increased with the passage of the Commission-sponsored 1969 Local Police and Salaried Firefighters Relief Association Financing Guidelines Act. Prior to 1969, except for a modest number of local police and paid firefighter relief associations governed by special laws enacted in the late 1960s, local police and paid firefighter relief associations were funded on a "current disbursements" or "pay-as-you-go" basis. That basis of funding for a defined benefit plan left these relief associations severely underfunded. The 1969 Guidelines Act required for the first time the funding of local police and paid firefighter relief associations on some version of an actuarial basis. The original 1969 Guidelines Act required that the municipalities with local police or paid firefighter relief associations increase their funding of the relief associations from whatever its prior level had been to the payment of normal cost and interest on the relief association unfunded actuarial accrued liability over a ten-year period (1970-1980). Even with that lengthy phase-in period and the minimal actuarial funding standard (known as the "frozen deficit level" funding requirement because the relief association unfunded actuarial accrued liability would not increase by virtue of unpaid interest), municipalities with local relief associations faced substantial increases in the early 1970s in the amount of municipal resources that would be needed to be committed to public safety pension plan funding and were complaining about that financial impact to the 1971 Legislature and the Commission.

2. **Source of State Aid Revenue.** The revenue for the police state aid program is provided from the dedicated proceeds of insurance premium taxes equal to 104% of the premium taxes paid on premiums reported to the Department of Revenue on the Minnesota Aid to Police Premium Report, and, before 2012, but not less than 2% of the amount of premiums reported to the Department of Revenue by insurers on the Minnesota Aid to Police Premium Report, reduced by the amount of the administrative costs and expenses of the Office of the State Auditor for the examination of local police relief associations, and then increased by an annual additional state general fund appropriation of \$100,000 (Minn. Stat. Sec. 69.021, Subd. 1, 2, 5).

The police state aid program is funded principally from a portion of the insurance premium taxes collected by the State of Minnesota.

Under Minnesota Statutes, Section 297I.05, domestic (Minnesota) and foreign (non-Minnesota) insurers, including various mutual insurance companies, marine insurance companies, health maintenance organizations, integrated service networks, and nonprofit health service plan corporations, are required to pay a percentage of the premiums (gross premiums reduced by return premiums) that they or their agents collect on direct business received in Minnesota. The rates for various types of insurers are as follows:

<u>Insurer</u>	<u>Rate</u>
• Health maintenance organizations, nonprofit health services plan corporations, integrated service networks, and community integrated service networks	1%
• Town and farmers' mutual insurance companies and mutual property and casualty companies with assets less than or equal to \$5 million, on insurance coverage other than life insurance	1%
• Mutual property and casualty companies with assets over \$5 million and equal to or less than \$1.6 billion, on insurance coverage other than life insurance	1.26%
• Life insurance	1.5%
• Other insurers or other insurance coverage, including insurance from unlicensed foreign insurance companies and ineligible companies	2%
• Surplus line insurance	3%

The insurance premium taxes are collected by the Department of Revenue. The function was transferred from the Department of Commerce (and the former Insurance Department) by executive

order in the early 1980s. Of the total amount of insurance premium taxes collected, an amount equal to either 104% of the amount of the premium taxes reported on the Minnesota Aid to Police Premium Report or 2% of the amount of the premiums reported on the Minnesota Aid to Police Premium Report is dedicated as police state aid. Until 2012, with the consolidations of the Fairmont Police Relief Association and the Minneapolis Police Relief Association, the dedicated police state aid amount was subtracted the amount required to pay the cost and expense of the State Auditor's Office for audits or exams of police relief associations. From 1992 until 2000, in addition to the regular insurance premium taxes, the police state aid program was also funded from payments made by self-insurers for automobile casualty risks under Minnesota Statutes 2000, Section 60A.152. The payment by automobile risk self-insurers for a passenger vehicle was \$15 annually and for a taxi or other type of self-insured vehicle was \$25 annually. The surcharge was repealed in an insurance bill in 2000 (Laws 2000, Ch. 394, Art. 2, Sec. 28).

Police state aid was a modest commitment of state resources when the program was initiated in 1971, but has grown considerably over the years, as follows:

Year	Total Police State Aid	Amount Deducted for PERA-P&F	Amount Allocated to Police Employers	Increase or Decrease Over Prior Year	Police State Aid Per Police Officer
1972	\$2,307,444.00	\$461,488.80	\$1,845,955.20	--	N/A
1973	2,487,177.97	497,435.59	1,989,742.38	7.79%	N/A
1974	2,460,435.00	492,087.00	1,968,348.00	-1.08	N/A
1975	2,591,332.66	518,266.53	2,073,066.13	5.32	N/A
1976	2,697,670.87	0.00	2,697,670.87	4.10	N/A
1977	8,601,025.61	0.00	8,601,025.61	218.83	1,610.00
1978	10,269,283.14	0.00	10,269,283.14	19.40	1,866.46
1979	11,464,982.02	0.00	11,464,982.02	11.64	2,031.72
1980	12,826,038.31	0.00	12,826,038.31	11.87	2,258.50
1981	14,091,351.96	0.00	14,091,351.96	9.87	2,481.31
1982	14,663,614.00	0.00	14,663,614.00	4.06	2,565.89
1983	14,817,224.00	0.00	14,817,224.00	1.05	2,589.93
1984	15,242,120.00	0.00	15,242,120.00	2.87	2,660.91
1985	16,287,427.00	0.00	16,287,427.00	6.86	2,794.97
1986	19,091,379.58	0.00	19,091,379.58	17.22	3,255.92
1987	23,986,079.00	0.00	23,986,079.00	25.64	4,075.00
1988	26,074,381.00	0.00	26,074,381.00	8.71	4,343.00
1989	26,525,503.00	0.00	26,525,503.00	1.73	4,400.00
1990	27,399,401.00	0.00	27,399,401.00	3.29	4,458.00
1991	30,111,119.00	0.00	30,111,119.00	9.90	4,783.00
1992	31,950,032.00	0.00	31,950,032.00	6.11	4,966.00
1993	31,145,397.00	0.00	31,145,397.00	-2.52	5,250.00
1994	36,210,413.00	0.00	36,210,413.00	16.26	5,453.00
1995	38,711,974.00	0.00	38,711,974.00	6.90	5,706.00
1996	47,499,045.00	0.00	47,499,045.00	22.70	6,872.00
1997	47,619,477.00	0.00	47,619,477.00	0.25	6,358.66
1998	49,412,092.00	0.00	43,199,063.00	-9.28	6,068.25
1999	51,306,556.00	0.00	46,117,948.00	6.76	5,994.00
2000	53,489,005.00	0.00	45,915,460.00	-0.44	6,145.00
2001	54,514,318.00	0.00	44,843,783.00	-2.33	6,508.00
2002	58,712,506.00	0.00	47,384,086.00	5.66	6,898.00
2003	64,266,303.00	0.00	50,053,513.00	5.63	5,840.43
2004	71,815,974.00	0.00	52,665,660.00	5.21	6,171.24
2005	71,685,853.00	0.00	54,175,957.00	2.87	6,328.60
2006	67,850,948.00	0.00	54,532,574.00	0.66	6,237.76
2007	66,259,273.00	0.00	60,741,027.00	11.38	6,777.05
2008	62,152,943.00	0.00	60,826,549.00	0.14	6,630.68
2009	63,325,694.00	0.00	62,898,602.00	3.41	6,706.68
2010	62,591,837.00	0.00	62,392,553.00	-0.81	6,598.31
2011	62,548,557.00	0.00	62,402,681.00	0.02	6,599.38
2012	59,919,086	0.00	59,900,138	-4.02	6,471.55

3. Qualification Requirements for Receipt of Police State Aid. Governmental employing units, principally municipalities and counties, but also the University of Minnesota, the Metropolitan Airports Commission, the Minnesota Department of Natural Resources, the Minnesota Department of Public Safety, and American Indian tribal governments with tribal police departments, qualify for the receipt of police state aid if the employing unit employs one or more police officer, defined as a person whose primary source of income is from wages from direct employment by the employing unit on a full-time basis of at least 30 hours per week for at least six months before the preceding December 31, is sworn to enforce the general criminal laws of the state, is licensed by the Peace Officers Standards & Training Board, is authorized to arrest with a warrant, and is a member of the State Patrol Retirement Plan or the

Public Employees Police and Fire Retirement Plan (PERA-P&F) and certifies that fact on or before March 15 annually (Minn. Stat. Sec. 69.011, Subd. 1, 2, 2b, 2c, 3; Sec. 69.021, Subd. 4).

4. Allocation of Police State Aid. Police state aid is allocated based on the number of months of employment by full-time police officers, as certified by the police employment entities under the statutory definition, during the preceding calendar year, but not more than the prior year's employer contribution for the police officers as certified by the executive director of PERA-P&F or the executive director of the State Patrol Retirement Plan. For 48 municipalities that included some employer contributions to the PERA-P&F for municipal firefighters in the mid-1990s, the amount of that firefighter-related PERA-P&F employer contribution from 1995 was grand-parented in when the PERA executive director certifies the municipality's employer police-related contribution amount. For municipalities that contract with a county or another municipality for police service, the municipality must be credited with the proportional amount of police state aid based on the number of police officers providing the service against its contractual obligation. Police state aid in excess of the employer contribution obligation is credited to the excess police state aid holding account, which funds the additional amortization state aid in part (Minn. Stat. Sec. 69.021, Subd. 4, 6, 7a, 9-11).
5. Permissible Uses of Police State Aid. Police state aid functions to reimburse the employing unit for the police-related employer contributions paid by the employing unit during the prior year and is required to be applied to defray the employer police-related retirement plan contributions following receipt (Minn. Stat. Sec. 69.031, Subd. 1, 3, 5).
6. Development of Police State Aid.
 - In 1971 (Laws 1971, Ch. 695, Sec. 1-4, 6), the police state aid program was created, modeled largely on the 1969 revision of the fire state aid program, allocating one-half (1% of the 2%) of the premium tax on domestic and foreign casualty insurance on various types of automobile casualty insurance written in the state, payable to municipalities that had an established police department for at least one year, certified annually to the Insurance Commission, with 80% of the amount available for distribution allocated to counties for further allocation to municipalities one-half in proportion to the assessed property value of the municipality and one-half in proportion to the population of the municipality, with the aid for a first or second class city paid directly to the treasurer of the applicable local police relief association and, for other cities, paid to the applicable city, and with 20% of the amount available for distribution paid to PERA-P&F on account of county sheriff's department law enforcement personnel.

Initially, under the 1971 law, only cities, villages, boroughs, and organized towns were eligible to receive police state aid and these employers qualified if they had an organized police department for at least one year and had a duly incorporated police relief association or special police department pension fund or had pension coverage by PERA-P&F.

The police state aid program was initially funded in 1971 from one half of the longstanding 2% premium tax on various types of automobile casualty insurance, with the remaining half remaining credited to the state's general fund.

Initially, under the 1971 law, 20% of police state aid was paid directly to the PERA-P&F and 80% of police state aid was allocated among the cities with local police relief associations or with PERA-P&F pension coverage, half in proportion to the relative size of the population of the municipality served by the local police relief association and half in proportion to the relative size of the property value of the municipality served by the local police relief association. In this combination allocation basis of population and property valuation, the police state aid replicated the basis for aid allocation introduced in the fire state aid program in 1969. Contemporaneous Commission documentation indicates that the 20% deducted from the total available state aid and deposited in PERA-P&F was intended to cover the county sheriff personnel who had police pension coverage by PERA-P&F, because the proponents of the initial 1971 police state aid legislation could not figure out a procedure for allocating population and property valuation numbers between municipal police departments and county sheriff departments where a jurisdiction is served by both.

The initial enactment of police state aid in 1971 (Laws 1971, Ch. 695) required that the 20% of police state aid dedicated from the total be paid to the treasurer of PERA-P&F for application against the PERA-P&F unfunded actuarial accrued liability and that the remainder of police state aid be paid to the treasurer of the local police relief association in cities of the first class and in cities of the second class if a local police relief association existed or to the municipal treasurer in cities of the third or fourth class or in cities of the second class if no local police relief association existed. The municipal treasurer in cities of the third or fourth class was required to transmit the

police state aid to the local police relief association, if one existed. For cities in which no local police relief association existed, the 1971 law was unclear for what purpose or purposes police state aid could be expended.

- In 1976 (Laws 1976, Ch. 315), the police state aid program was substantially modified, as follows:
 - The qualification requirement that a municipality have an organized police department for at least one year was eliminated, replaced with a requirement that each municipality or county employ at least one police officer for at least six months;
 - The 20% allocation to PERA-P&F for county sheriff's department personnel was eliminated;
 - The basis for aid allocation was shifted to the proportion of an employing unit's number of employed full-time police officers with arrest powers and Peace Officers Standards and Training (POST) Board licensure or certification, unless it is a municipality with less than 1,000 in population, bears to all full-time police officers statewide;
 - A minimum police state aid allocation based on the 1975 calendar year receipt was provided;
 - A requirement that credits for police state aid be recorded for municipalities that contract with the county for police services; and the requirement that the police state aid be paid directly to the police relief association in first and second class cities was eliminated, replaced by a requirement that police state aid be paid to the municipality and transferred to the police relief association if the relief association covers all police officers, be used to defray the employing unit's PERA-P&F, or where police retirement coverage is split between a local police relief association and PERA-P&F, used in one of three ways (all to local relief association, all to offset PERA-P&F employer contribution, or allocated between both in proportion to the respective active members with each coverage);
 - The qualification requirements were modified, with eligible employing units expanded to all cities, organized towns, and counties employing persons primarily with service as sworn law enforcement officers with the power to enforce the general criminal laws by arrest with a warrant, certified by the POST Board, unless the municipality has a population under 1,000, with pension coverage either by a local police relief association or by PERA-P&F;
 - The amount of police state aid was increased from one half of the 2% premium tax on certain types of automobile insurance to the full 2% premium tax. The police state aid program was affected by the change in insurance premium tax rates on mutual insurance companies that occurred in 1988 (Laws 1988, Ch. 719, Art. 2, Sec. 1-5), with respect to foreign (non-Minnesota domiciled) mutual insurance companies. Domestic mutual insurance company automobile insurance premium taxes were not dedicated to the police state aid program until 1995;
 - The police state aid allocation method was changed from a geographical factor-based formula to a per-police officer formula, thereby providing a direct mechanism for including PERA-P&F-covered municipal police department and county sheriff department members in the police state aid allocation process. The per-police-officer allocation procedure allocates police state aid based on the full-time police officers that qualify the employing unit for receipt of police state aid. The direct deposit of police state aid in PERA-P&F to reduce that plan's unfunded actuarial accrued liability terminated in 1976; and
 - The uses of police state aid were more clearly delineated. For cities with local police relief associations, police state aid was required to be paid to the relief association treasurer and the treasurer was required to deposit the police state aid in the relief association special fund upon receipt. For counties and cities with police retirement coverage provided by PERA-P&F, the police state aid was required to be applied towards the employer's contribution to PERA-P&F. For cities with a combination of police retirement coverage of a local police relief association and PERA-P&F, the city was required to apply the total police state aid received towards its obligation to the local relief association, to apply the total police state aid received towards its PERA-P&F obligation, or to allocate the total police state aid received between the local police relief association obligation and the PERA-P&F obligation on the basis of the number of full-time police officers covered by each.
- In 1977 (Laws 1977, Ch. 429, Sec. 4-9):
 - an expanded definition of "police officer" was added to the aid program definitions, retaining the full-time employment requirement and retaining the requirement of POST Board certification in municipalities with less than 1,000 population but specifying that law enforcement employment must be the person's primary service of wage income, that full-time employment must not be

shorter than 30 hours per week, that the officer must have been so employed for at least six consecutive months before the employment certification date, that the officer be sworn to enforce general criminal laws, that the officer be authorized to arrest with a warrant, and that the officer have pension coverage by either a local police relief association or by PERA-P&F;

- a restriction was added that no police officer could be certified for aid purposes by more than one employing unit, by adding a clarification for the crediting of aid for municipalities contracting with counties;
 - the 1975 aid receipt aid minimum was clarified;
 - police state aid for municipalities with total police force retirement coverage by PERA-P&F was capped at the municipality's PERA-P&F employer contribution requirement, with any excess payable to the PERA-P&F and credited by PERA-P&F as the PERA board of trustees specified;
 - the 1976 qualification requirements were clarified and augmented. Eligible cities, organized towns, and counties qualify to receive police state aid if they employ one or more persons whose primary compensation is from full-time employment of not less than 30 hours per week as a law enforcement officer of at least six months as of the prior December 31, is sworn to enforce the general criminal laws, is authorized to assist with a warrant, is a member of either a local police relief association or of PERA-P&F, is certified by the Minnesota POST Board if employed by a municipality with a population of more than 1,000, and meets the POST Board selection standards;
 - for the circumstances where the police state aid exceeds the city or county PERA-P&F obligation when PERA-P&F is the total police pension coverage, a procedure for the collection of excess police state aid was created. Because of the guarantee to cities of no less police state aid than they received in 1975, which was added in 1976, and because of the relatively high per capita police state aid amount (\$1,610.00 in 1977, covering the full PERA-P&F employer contribution on a covered salary of \$13,496.67, when the average PERA-P&F covered salary for active members for fiscal year 1977 was \$14,171.45), it was clear that some employing units covered by PERA-P&F could receive total police state aid in an amount greater than the total PERA-P&F employer contribution for their police officers. It was decided by the Commission that the best way to handle this “excess” police state aid situation that was most consistent with the designated purpose of the police state aid program to provide financing for police pensions was to require that any excess amounts also be contributed to PERA-P&F. The excess police state aid was to be used to amortize the unfunded actuarial accrued liability of PERA-P&F. During the period 1977 to 1996, these could only be an excess police state aid amount if the individual police state aid amount exceeds the average salary of all police officers employed by the political subdivision who are covered by PERA-P&F. In 1987, when police state aid had grown to \$4,075.00 per police officer and the average police salary level below which excess police state aid is generated was \$33,958.33 (and the PERA-P&F average active member salary was \$28,766), 384 local governmental employing units (out of 479 entities receiving police state aid that year or 80.2%) returned excess police state aid to PERA-P&F, in a total amount of \$1,649,958.88.
- In 1978, as a consequence of the consolidation of the University of Minnesota Police Pension Plan into PERA-P&F, police state aid began being allocated to the University of Minnesota on account of its police officers.
 - In 1981 (Laws 1981, Ch. 68, Sec. 3-8; Ch. 224, Sec. 19-22), certification was allowed on a monthly fractional basis for less than a full year of employment, the "police officer" definition was changed to a "peace officer" definition, the exemption from POST Board licensure for police officers employed by municipalities with less than 1,000 inhabitants was eliminated, and designees were permitted for filings by municipal clerks or county auditors. The qualification requirements were further revised, with a consolidation of the POST Board requirements into a single requirement that the peace officer be licensed by the POST Board for all municipalities.
 - In 1982 (Laws 1982, Ch. 460, Sec. 2), the basis for the determination of eligibility for police state aid was clarified for the Commissioner of Insurance and a presumption of qualifications was created if an aid recipient received aid in the prior year.
 - In 1983 (Laws 1983, Ch. 101, Sec. 1; Ch. 113, Sec. 1), park district police officers were included in police state aid and the date for certifications of numbers of police officers for police state aid allocations was rescheduled from March 1 to June 1.

- In 1984 (Laws 1984, Ch. 558, Art. 1, Sec. 1, 2, 8; Ch. 592, Sec. 64-68), the responsibility for the administration of the program was transferred from the Commissioner of Insurance to the Commissioner of Revenue.
- In 1985 (Laws 1985, Ch. 261, Sec. 1), the University of Minnesota and the University of Minnesota police officers were included in the police state aid program.
- In 1986 (Laws 1986, Ch. 359, Sec. 4-8; 1st Spec. Sess. Laws 1986, Ch. 1, Art. 4, Sec. 1-6), the deadline date for filing state aid certifications was set back from June 1 to July 1, the presumption of state aid qualification for recipients of the prior year aid was eliminated, the provision of requiring the payment of state aid directly to a relief association treasurer was eliminated, and the apportionment of aid for municipalities or nonprofit firefighting corporations was shifted from county apportionment by the revenue commissioner and local apportionment by county auditors to local apportionment by the revenue commissioner.
- In 1987 (Laws 1987, Ch. 268, Art. 2, Sec. 19-23; Ch. 404, Sec. 90), the specification of automobile insurance for the premium tax dedication for police state aid in the definition of "Minnesota Aid to Police Premium Report" was simplified, domestic mutual insurance companies were no longer required to file automobile insurance premium reports, the prior double filing of reports with the Commissioner of Commerce and the Commissioner of Revenue was eliminated, a \$200 limit on the late premium report filing was added to the program, and deductions from police state aid for the cost of audits or exams of police relief associations were authorized.
- In 1988 (Laws 1988, Ch. 719, Art. 2, Sec. 5), a provision limiting police state aid to the amount of the premium tax collected was eliminated as part of the tax bill.
- In 1989 (Laws 1989, Ch. 277, Art. 1, Sec. 3; Ch. 319, Art. 6, Sec. 2, 5; Ch. 329, Art. 13, Sec. 20), the filing dates for the applications for police state aid was changed from July 1 annually to March 15 annually, the repository for the amounts of police state aid received in excess of the employing unit's police retirement plan employer cost was changed from PERA-P&F to a newly created public employees insurance reserve holding account of the Public Employees Retirement Association (PERA), where it was designated to be subsequently transferred to the Public Employees Insurance Program, and an exception to a change from "assessed value" or "assessed valuation" to "gross tax capacity" and "net tax capacity" was specified for the police state aid. Also in 1989 (Laws 1989, Ch. 319, Art. 6), recognizing that PERA-P&F was essentially fully funded (with a funding ratio of 97.13%) and hence no longer needed the additional funding provided by excess police state aid (with a July 1, 1987, funding ratio of 104.00% and a July 1, 1988, funding ratio of 97.13%), the Legislature changed the disposition of excess police state aid and excess police state aid was redirected to a special holding account in PERA and ultimate payment to the Public Employees Insurance Program (PEIP), administered by the Department of Employee Relations (DOER), to provide a subsidy for that then-recently created medical and hospitalization insurance program for groupings of employees and retirees of smaller local governments.
- In 1990 (Laws 1990, Ch. 480, Art. 6, Sec. 3), an obsolete reference to the Commissioner of Commerce in the aid apportionment calculation provision was eliminated.
- In 1991 (Laws 1991, Ch. 291, Art. 13, Sec. 7), references to police in the police state aid apportionment section was changed to peace officer.
- In 1992 (Laws 1992, Ch. 487, Sec. 2, 3; Ch. 511, Art. 9, Sec. 2, 3; Ch. 596, Sec. 1-3), an equivalent amount to the automobile casualty insurance premium tax was imposed on self-insured vehicles other than public sector vehicles and the proceeds of the self-insurance annual fee was added to police state aid, a redundant specification of the police state aid apportionment basis was eliminated, a limit on police state aid set as the amount of the automobile casualty insurance premium tax was eliminated, the police state aid calculation provision was designated as a paragraph separate from the fire state aid paragraph, and the Metropolitan Airports Commission was included in the allocation of police state aid.

In 1992 (Laws 1992, Ch. 487, Sec. 1), owners of motor vehicles other than the State of Minnesota or its political subdivisions who self-insure those vehicles for automobile risks are required to pay an amount equivalent to the automobile casualty insurance premium tax, set at \$15 for private passenger vehicles and \$25 for taxis and other vehicles that are not private passenger vehicles. The proceeds of the self-insured automobile casualty insurance premium tax equivalent payment provision are dedicated to the police state aid program. Also in 1992 (Laws 1992, Ch. 596, Sec. 2), the Metropolitan Airports Commission was made eligible for receipt of police state aid

and the public safety pension coverage requirement was expanded to include pension coverage by the Minneapolis Employees Retirement Fund (MERF).

- In 1993, with the shift from part-time to full-time transit police, police state aid began being allocated to the Metropolitan Council on account of its transit police officers.
- In 1994 (Laws 1994, Ch. 632, Art. 3, Sec. 48, 50), the former PERA public employees insurance reserve holding account was renamed as the PERA excess contributions holding account, the transfer of the excess police state aid amount to Public Employees Insurance Program was discontinued, with \$1 million of any excess police state aid redirected to the recently created Ambulance Service Personnel Longevity Award and Incentive Program, and the balance of the excess police state aid re-deposited in the general fund unless the Legislature creates and funds a statewide police stress reduction and remediation program, whereupon any appropriation for that program is to be deducted from the excess police state aid balance before the general fund cancellation.
- In 1995 (Laws 1995, Ch. 264, Art. 9, Sec. 3, amending Minn. Stat. Sec. 60A.15, Subd. 1) the Legislature increased the insurance premium tax rates for town and farmers' mutual insurance companies and for mutual property casualty companies with assets no greater than \$1.6 billion. The pre-1995 insurance premium tax rate for these mutual insurance companies was 0.5% of the amount of all premiums. The rate was increased by the 1995 Legislature to 2% of all life insurance premiums, 1% of all other insurance premiums for all town and farmers' mutual insurance companies and for the smaller mutual property and casualty companies (assets of no more than \$5 million), and 1.26% of all other insurance premiums for the larger mutual property and casualty companies (assets over \$5 million and no greater than \$1.6 billion).

Also, the 1995 Legislature (Laws 1995, Ch. 264, Art. 9, Sec. 4) increased the insurance premium taxes dedicated to the police state aid program by eliminating an exception for domestic mutual insurance companies to file a Minnesota Aid to Police Premium Report on which the insurance premium tax dedication for the police state aid is based. The insurance premium taxes on automobile insurance written by domestic mutual companies are dedicated to the police state aid rather than becoming an asset of the state's general fund. The 1995 legislation resulted in increased police state aid. For the police state aid program, the dedicated revenue was increased from the amount of the insurance premium taxes collected on automobile insurance and the automobile risk self-insurer equivalent payments to the greater of either 104% of the automobile insurance premium taxes and self-insurer equivalent payments or an amount equal to 2% of the automobile insurance premiums.

In 1995 (Laws 1995, Ch. 264, Art. 9, Sec. 4, 5), an exemption from filing a Minnesota Aid to Police Report with the Department of Revenue by a domestic mutual insurance company was eliminated and the amount of premium tax dedicated for the police state aid program was set at 104% of the premium taxes reported on the Minnesota Aid to Police Report, but not less than 2% of the amount of the premiums reported on the Minnesota Aid to Police Report, less the State Auditor's costs and expenses for audits or exams of police relief associations. Also in 1995, a portion of the excess police state aid was redirected to fund the newly created additional amortization state aid program.

- In 1996 (Laws 1996, Ch. 390, Sec. 26-31, 35, 37-38, 41), the Legislature revised the manner in which excess police state aid would be collected to shift the collection of excess police state aid from a post-distribution process to a pre-distribution process, with the amount of the determined excess police state aid subtracted from the police aid allocation before the aid is paid rather than re-collection after the aid is paid. Under the 1996 legislation, the excess police state aid determination used for municipalities and counties solely with PERA-P&F retirement coverage was extended to municipalities with a combination of PERA-P&F coverage and either freestanding local police relief association or local police consolidation account coverage and to the Metropolitan Airports Commission, with a combination of PERA-P&F coverage and MERF coverage.

Also in 1996 (Laws 1996, Ch. 390, Sec. 26-30; Ch. 438, Art. 4, Sec. 2), the date for the determination of eligibility for police state aid was reset from September 1 to October 1 annually, the determination and collection of police state aid in excess of the prior year's police retirement coverage employer contribution was shifted to the PERA executive director rather than employing unit-by-employing unit, an excess police state aid holding account was established in the state general fund to replace the PERA excess contributions holding account, and the statutory provision governing the apportionment of police state aid was recast as a new subdivision separate from fire state aid.

The Legislature, in Laws 1996, Chapter 390, Sections 26 to 31, 35, 37, 38, and 41, revised the manner in which excess police state aid was collected, with the intended change to shift the collection of excess police state aid from a post-distribution process to a pre-distribution process, requiring the amount of the determined excess police state aid subtracted from the police aid allocation before the aid is paid rather than re-collection after the aid is paid.

Unfortunately, the 1996 police state aid changes also inadvertently modified the manner in which excess police state aid was determined for municipalities with freestanding local police relief associations and with local police consolidation accounts and for the Metropolitan Airports Commission. Under the 1996 legislation, the excess police state aid determination used for municipalities and counties solely with PERA-P&F retirement coverage was extended to municipalities with a combination of PERA-P&F coverage and either free-standing local police relief association or local police consolidation account coverage and to the Metropolitan Airports Commission, with a combination of PERA-P&F coverage and Minneapolis Employees Retirement Fund (MERF) coverage.

For seven municipalities with free-standing local police relief associations in 1996, such as Minneapolis, and for one metropolitan agency, the Metropolitan Airports Commission, with Minneapolis Employees Retirement Fund (MERF) coverage, the per-police officer calculation of aid (\$6,872.00 per police officer) was compared to the employer pension costs for those police officers with PERA-P&F coverage (typically, post-1980 hires) solely, rather than being exempt from the excess police state aid calculation (as was the pre-1996 law) or than the municipality or agency's total employer police pension costs (an option that would most closely be analogous to the current definition of excess police state aid applicable to municipalities and counties solely covered by PERA-P&F). Because only a portion of the total employer police pension cost was used in determining excess police state aid for municipalities with free-standing local police relief associations, seven of the nine applicable municipalities and one metropolitan agency had a reduction in their police state aid in the September, 1996, distribution over their total potential state aid. The affected municipalities, including Minneapolis, the Metropolitan Airports Commission, and the amount of omitted police state aid for each were as follows:

County	Political Subdivision	1994 # of Certified Police Officers	1995 Police State Aid	1995 # of Certified Police Officers	Pre-Excess 1996 Police State Aid	Employer Pension Cost Certified by PERA	1996 Excess Police State Aid	1996 Police State Aid Paid 9/96
Blue Earth	Mankato	38.83	\$221,581	39.17	\$269,142	\$265,633	\$3,509	\$265,633
Crow Wing	Brainerd	19.92	113,643	20.00	137,434	91,765	45,669	91,765
Dakota	So. St. Paul	23.58	134,565	24.67	169,502	137,125	32,377	137,125
Hennepin	Minneapolis	875.25	4,994,123	875.75	6,017,908	4,099,723	1,918,185	4,099,723
Hennepin	Metro Airports Commission	47.08	268,655	49.25	338,432	307,891	30,541	307,891
Martin	Fairmont	16.08	91,771	15.92	109,375	51,600	57,775	51,600
Polk	Crookston	13.00	74,177	15.00	103,076	50,348	52,728	50,348
Rice	Faribault	22.75	129,810	24.17	166,067	137,843	28,224	137,843

For municipalities with local police consolidation accounts, under a strict reading of the 1996 legislative changes, the per-police-officer calculation of aid should have also been compared solely to the employer pension costs for those post-1980 police officers with PERA-P&F coverage and there should have also been an amount of omitted police state aid, like the municipalities with freestanding police relief associations and the Metropolitan Airports Commission, but PERA varied from the strict letter of the 1996 legislation and added the consolidation account employer pension costs with the post-1980 police officer PERA-P&F employer pension cost. The following compares the amount of 1996 excess police state aid for these municipalities under PERA's non-literal interpretation and the amount of excess police state aid that should have occurred had PERA interpreted the 1996 legislative changes more literally:

County	Political Subdivision	1995 Police State Aid		1996 Police State Aid as Administered					1996 Police State Aid as 1996 Legislation Provided			
		1994 # of Cert. Police Officers	1995 Police State Aid	1995 # of Cert. Police Officers	Pre- Excess 1996 Police State Aid	Employer Pension Cost Certified by PERA	Actual 1996 Excess Police State Aid Collected	Actual 1996 Police State Aid Paid 9/96	Consol. Account Total Employer Cost	1995 PERA-P&F Employer Contrib. (Consol. Acct. Eliminated)	Recalc. 1996 Excess Police State Aid Potentially Collectable	Revised 1996 Police State Aid
Anoka	Anoka	26.92	153,585	28.08	192,981	182,077	10,904	182,077	17,755	164,322	28,659	164,322
Anoka	Columbia Hts	21.50	122,678	23.92	164,349	229,113	0	164,349	45,570	183,543	0	164,349
Anoka	Fridley	35.25	201,134	35.25	242,228	233,403	8,825	233,403	48,219	185,184	57,044	185,184
Brown	New Ulm	17.00	97,001	17.00	116,819	84,056	32,763	84,056	18,635	65,421	51,398	65,421
Dakota	W. St. Paul	22.75	129,810	23.08	158,622	192,184	0	158,622	53,768	138,416	20,206	138,416

		1995 Police State Aid		1996 Police State Aid as Administered					1996 Police State Aid as 1996 Legislation Provided			
County	Political Subdivision	1994	1995	1995	Pre-Excess	Employer	Actual	Actual	Consol. Account Total Employer Cost	1995	Recalc.	Revised 1996
		# of Cert. Police Officers	Police State Aid	# of Cert. Police Officers	Police State Aid	Pension Cost Certified by PERA	1996 Excess Police State Aid Collected	1996 Police State Aid Paid 9/96		PERA-P&F Employer Contrib. (Consol. Acct. Eliminated)	Excess Police State Aid Potentially Collectable	
Freeborn	Albert Lea	29.00	165,472	27.67	190,118	227,660	0	190,118	46,657	181,003	9,115	181,003
Goodhue	Red Wing	24.92	142,173	24.75	170,075	299,163	0	170,075	33,258	265,905	0	170,075
Hennepin	Bloomington	98.17	560,133	99.50	683,736	662,353	21,383	662,353	264,651	397,702	286,034	397,702
Hennepin	Crystal	24.00	136,943	25.83	177,519	165,559	11,960	165,559	56,176	109,383	68,136	109,383
Hennepin	Richfield	42.67	243,453	43.00	295,484	342,698	0	295,484	89,357	253,341	42,143	253,341
Hennepin	St. Louis Pk	49.00	279,591	50.00	343,586	440,245	0	343,586	152,143	288,102	55,484	288,102
Mower	Austin	29.00	165,472	27.08	186,109	178,564	7,545	178,564	36,929	141,635	44,474	141,635
Olmsted	Rochester	98.42	561,559	98.33	675,719	1,713,264	0	675,719	871,733	841,531	0	675,719
Ramsey	St. Paul	544.00	3,104,030	531.75	3,654,037	6,156,328	0	3,654,037	1,806,904	4,349,424	0	3,654,037
St. Louis	Buhl	2.25	12,838	2.00	13,743	6,267	7,476	6,267	0	6,267	7,476	6,267
St. Louis	Chisholm	10.75	61,339	10.00	68,717	97,544	0	68,717	24,606	72,938	0	68,717
St. Louis	Duluth	131.50	750,331	133.83	919,665	2,541,874	0	919,665	1,124,021	1,417,853	0	919,665
St. Louis	Hibbing	27.83	158,815	28.00	192,408	400,859	0	192,408	220,025	180,834	11,574	180,834
Winona	Winona	35.00	199,708	36.33	249,672	428,374	0	249,672	164,352	264,022	0	249,672

Thus, Minneapolis received \$1,918,185 and the seven other affected employing units received \$250,823 less in police state aid than they would have received if the 1996 legislative changes had not occurred, while 11 municipalities with local police consolidation accounts received \$580,887 more police state aid than they would have received if PERA had implemented the 1996 legislative changes literally and consistently for all local police pension coverage.

The clear intent of the 1996 legislation, as expressed by the Department of Finance in submitting the changes as part of the 1996 Supplemental Appropriations bill and as indicated by the Chair of the State Government Finance Division of the House Governmental Operations Committee, Representative Tom Rukavina, and the Chair of the State Government Division of the Senate Finance Committee, Senator Richard Cohen, in their floor presentations on the 1996 state government appropriations committee, was not to cause any downsizing of police state aid to any municipality, but was simply to reorder the steps of the process so that the state would gain the excess police state aid earlier and would gain additional investment income for the benefit of the general fund on the excess police state aid collected.

- In 1997 (Laws 1997, Ch. 31, Sec. 3; Ch. 233, Art. 1, Sec. 6-13; Ch. 241, Art. 1, Sec. 1-10; 1st Spec. Sess. Laws 1997, Ch. 5, Sec. 8), the insurer's obligation to report on insurance premiums was disconnected from any financial statement reporting, the Department of Natural Resources and the Department of Public Safety were made eligible for the receipt of police state aid for peace officers covered by the State Patrol Retirement Plan, the inclusion of the Department of Natural Resources and the Department of Public Safety was phased in over the period 1997-1999, a special budget-balancing reduction in police state aid was imposed for fiscal years 1999, 2000, and 2001, excess police state aid was defined, including the grand-parenting allowance some firefighter employer pension costs that previously had been included in the prior excess police state aid calculation, amounts of excess police state aid were appropriated to the additional amortization state aid program, and various language style, language usage, and statutory division style improvements without substantive modification were implemented.

In 1997 (Laws 1997, Ch. 233, Sec. 6-13), the Enforcement Division of the Department of Natural Resources (for State Game Wardens) and the Alcohol and Gambling Enforcement Division (for the Gambling Enforcement officers), the Bureau of Criminal Apprehension (for Bureau of Criminal Apprehension agents), and the State Patrol Division (for State Patrol Troopers) of the Department of Public Safety were made eligible for receipt of police state aid and the public safety pension coverage requirement was further expanded to include pension coverage by the State Patrol Retirement Plan.

In 1997, police state aid began being allocated to the Enforcement Division of the Department of Natural Resources and the Alcohol and Gambling Enforcement Division, Bureau of Criminal Apprehension, and State Patrol Division of the Department of Public Safety, with one half of the number of game wardens, Bureau of Criminal Apprehension agents, gambling enforcement officers, and state patrol troopers included in the October 1997 allocation and with the full number of game wardens, Bureau of Criminal Apprehension agents, gambling enforcement officers, and state patrol troopers included in the October 1998 and subsequent allocations.

In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 6-13; Ch. 241, Art. 1; 1st Spec. Sess. Laws 1997, Ch. 5, Sec. 8), the 1996 excess police state aid collection procedure was further refined and corrected. Excess police state aid was clearly defined for all counties and cities receiving police state aid as

any initial police state aid allocation amount in excess of that employing unit's police pension contribution requirement and, in 48 cities, additionally in excess of that employing unit's capped paid firefighter PERA-P&F pension contribution. The excess police state aid collection procedure was also adjusted to accommodate the inclusion of State Patrol Retirement Fund members.

The following sets forth the amount of excess police state aid since 1977, as reported by PERA or the Department of Revenue:

Year	Allocated Police State Aid	Excess Police State Aid	Excess as Percentage of Total
1977	\$ 8,601,025.61	\$ 314,036.48	3.65%
1978	10,269,283.14	462,390.67	4.50
1979	11,464,982.02	516,922.66	4.51
1980	12,826,038.31	674,867.34	5.26
1981	14,091,351.96	586,656.15	4.16
1982	14,663,614.00	409,941.49	2.80
1983	14,817,224.00	303,703.63	2.05
1984	15,242,120.00	693,560.10	4.55
1985	16,287,427.00	303,533.44	1.86
1986	19,091,379.58	569,332.54	2.98
1987	23,986,079.00	1,649,958.88	6.88
1988	26,074,381.00	1,895,177.80	7.27
1989	26,525,503.00	1,603,182.09	6.04
1990	27,399,401.00	1,840,063.51	6.72
1991	30,111,119.00	2,024,718.90	6.72
1992	31,950,032.00	2,300,738.45	7.20
1993	31,145,397.00	2,512,286.68	8.07
1994	36,210,413.00	2,508,669.12	6.93
1995	38,711,974.00	3,643,711.64	9.41
1996	47,499,045.00	8,239,744.00	17.35
1997	47,619,477.00	7,392,472.00	15.52
1998	43,199,063.00	8,868,062.00	20.53
1999	46,117,948.00	3,106,474.00	6.74
2000	45,915,460.00	5,164,417.00	11.25
2001	44,843,783.00	9,665,401.00	21.55
2002	47,384,086.00	11,323,286.00	23.90
2003	50,053,513.00	14,207,656.00	28.38
2004	52,665,660.00	19,145,180.00	36.35
2005	54,175,957.00	17,504,762.00	32.31
2006	54,532,574.00	13,304,865.00	24.40
2007	60,741,027.00	5,511,068.00	9.07
2008	60,826,549.00	1,321,260.00	2.17
2009	62,898,602.00	424,758.00	0.68
2010	62,392,553.00	194,150.00	0.31
2011	62,402,681.00	145,156.00	0.23
2012	59,900,138	18,928.00	0.03

- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 2), the definition of excess police state aid was modified to account for police retirement plan employer costs for former local police consolidation accounts that merged with PERA-P&F.
- In 2001 (Laws 2001, Ch. 7, Sec. 7; 1st Spec. Sess. Laws 2001, Ch. 5, Art. 13, Sec. 1), a cross-reference to premium taxes was updated for the recodification of insurance premium taxes and the previous self-insured automobile risk premium tax equivalent revenue amount in 2001 was made a permanent general fund appropriation added to police state aid.
- In 2002 (Laws 2002, Ch. 377, Art. 10, Sec. 1), the general fund-funded addition to police state aid replacing the former self-insurance automobile risk insurance premium tax equivalent amount was revised to specify a \$1,000 annual additional amount.
- In 2003 (Laws 2003, Ch. 2, Art. 1, Sec. 9), an obsolete reference to the former self-insurance automobile risk insurance premium tax equivalent amount was eliminated.
- In 2005 (1st Spec. Sess. Laws 2005, Ch. 8, Art. 10, Sec. 2-4), pre-2000 provisions relating to police state aid for the Department of Natural Resources and for the Department of Public Safety were eliminated and other language style and usage changes to police state aid program provisions were implemented.
- In 2007 (Laws 2007, Ch. 147, Art. 19, Sec. 13), the previous dedicated appropriation to the Ambulance Service Personnel Longevity Award and Incentive Program suspense account was eliminated in favor of its conversion to a general fund cancellation.

Background Information on the First Class City Fire Insurance Premium Tax Surcharge

1. Establishment. The first class city fire insurance premium tax surcharge was enacted in 1934 (Ex. Sess. Laws 1934, Ch. 53, Sec. 1-3). The surcharge and aid allocation was originally codified as Minnesota Statutes, Sections 69.54 to 69.56. In 2000 (Laws 2000, Ch. 394, Art. 1, Sec. 3), the first class city fire insurance premium tax surcharge program was recodified and the surcharge is now codified in Minnesota Statutes, Section 297I.10.

The first class city fire insurance premium tax surcharge was enacted to assist the three first class city fire department relief associations in paying the service pensions and other retirement benefits that are payable. Extra Session Laws 1934, Chapter 53, Section 4, included a declaration of an emergency in firefighter relief associations in cities of the first class and provided that the legislation must be construed as a relief measure for those relief associations. The provisions were enacted at a time when the Duluth Fire Department Relief Association, the Minneapolis Fire Department Relief Association, and the St. Paul Fire Department Relief Association were funded in virtually a current disbursements (or “pay-as-you-go”) manner, when there were substantial statutory limits on the amount of municipal taxes that could be levied in support of the relief associations, and before the enactment of the 1969 Police and Paid Fire Relief Association Financing Guidelines Act, which mandated some measure of actuarial funding.

2. Source of First Class City Fire Insurance Premium Tax Surcharge Program Revenue. In 1934 (Ex. Sess. Laws 1934, Ch. 53, Sec. 1), the program was funded from a surcharge ordered by the Commission of Insurance in calendar years 1934 and 1935 on the direct fire and related insurance business of insurance companies written on property within the cities of the first class in an amount, up to 2% of premiums, sufficient to bring the relief association special fund balance up to \$300,000, plus a 10% penalty if unpaid for 30 days and a 1% per month interest charge after 30 days.
 - In 1935 (Ex. Sess. Laws 1935, Ch. 86, Sec. 1), the surcharge was extended beyond 1934 and 1935 for as long as the first class city firefighter relief associations has an asset balance of less than \$300,000, with the surcharge to end 15 days after the relief association reaches \$300,000 in assets, upon an order to the applicable insurance companies from the Insurance Commissioner. Also in 1935, (Laws 1935, Ch. 86, Sec. 2), the surcharge revenue was appropriated to the State Auditor from the state general revenue fund.
 - In 1987 (Laws 1987, Ch. 268, Art. 2, Sec. 24), the surcharge was restricted to imposition on only licensed foreign and domestic insurance companies.
 - In 1991 (Laws 1991, Ch. 291, Art. 9, Sec. 3), the Revenue Commissioner or the commissioner's authorized agents, were permitted to conduct investigations, inquiries, and hearings to enforce the fire insurance surcharge with the commissioner's general powers.
 - In 2005 (Laws 2005, Ch. 151, Art. 2, Sec. 16), the Revenue Commissioner was mandated to administer the surcharge program in the same manner as other insurance taxes.

The first class city fire insurance premium tax surcharge is currently funded from the dedicated proceeds of a surcharge on the premiums paid on fire insurance that is written in a city of the first class. The surcharge is an amount equal to 2% of those premiums. The surcharge is collected by the Department of Revenue, deposited in the general fund, and appropriated to the Commissioner of Minnesota Management and Budget.

3. Qualification Requirement for Receipt of Surcharge Amounts. In 1934 (Laws 1934, Ch. 53, Sec. 1), for a first class city firefighters relief association to qualify for an apportionment of fire insurance premium tax surcharge proceeds, the asset balance of the relief association's special fund must have been below \$300,000 as determined by the relief association board of trustees and certified to the State Controller and the relief association was required to file a petition for relief with the Commissioner of Insurance.
 - In 1937 (Laws 1937, Ch. 361, Sec. 1), the triggering asset amount qualifying a first class city firefighter relief association for a surcharge allocation was increased from under \$300,000 to under \$600,000.
 - In 1961 (Ex. Sess. Laws 1961, Ch. 21, Sec. 1), an alternative triggering asset amount that qualified a first class city firefighter relief association for a surcharge allocation was added to the under-\$600,000 figure, set at the sum derived by multiplying the most recent federal census population of the first class city by the factor of \$1.87 if larger.
 - In 1967 (Laws 1967, Ch. 762, Sec. 1), the prior first class city firefighter relief association surcharge qualification requirement was eliminated, making the surcharge permanent.

There are no current qualification requirements for the receipt of the first class city fire insurance premium tax surcharge proceeds.

4. Allocation of First Class City Fire Insurance Premium Tax Surcharge. The first class city insurance premium tax surcharge is currently allocated based on the geographical source of the insurance premium tax surcharge. Thus, the fire insurance premium tax surcharge proceeds collected from Duluth are payable to Duluth, the fire insurance premium tax surcharge proceeds collected from Minneapolis are payable to Minneapolis, the fire insurance premium tax surcharge proceeds collected from Rochester, after 2011, are payable to Rochester, and the fire insurance premium tax surcharge proceeds collected from St. Paul are payable to St. Paul. The following summarizes the first class city fire insurance premium tax surcharge amounts 1987-2012:

Year	Total First Class City Fire Insurance Surcharge	Duluth Portion	Minneapolis Portion	St. Paul Portion	Rochester Portion
1987	\$1,546,869.31	\$138,420.06	\$911,546.62	\$496,902.63	
1988	829,752.97	75,776.21	554,954.71	199,022.05	
1989	1,596,074.60	142,973.55	910,025.68	543,075.37	
1990	1,060,610.68	185,817.93	544,123.92	330,668.83	
1991	817,931.12	84,990.38	440,760.02	292,180.72	
1992	787,817.66	69,246.87	427,887.97	290,682.82	
1993	920,716.31	92,094.51	540,700.71	287,921.09	
1994	925,052.72	101,525.46	500,789.00	322,738.26	
1995	856,728.68	106,671.90	429,074.73	320,982.05	
1996	883,957.22	105,160.83	444,939.54	333,856.85	
1997	884,110.74	102,720.36	467,378.95	314,011.43	
1998	879,543.11	114,022.66	511,446.26	254,074.19	
1999	866,014.30	116,741.02	456,955.78	292,317.50	
2000	1,092,207.02	146,268.15	613,479.60	332,459.27	
2001	1,321,160.65	155,583.03	737,177.50	428,400.12	
2002	1,382,373.58	192,467.79	735,610.78	454,295.01	
2003	938,563.65	116,313.56	461,949.36	360,300.73	
2004	2,006,795.13	233,752.34	1,053,402.60	719,640.19	
2005	1,606,176.41	191,425.56	851,975.81	562,775.04	
2006	1,658,598.11	181,526.36	847,376.20	629,695.55	
2007	1,912,568.20	231,790.14	1,014,390.76	665,847.30	
2008	1,798,805.75	207,347.93	971,768.45	619,689.37	
2009	2,499,395.50	297,412.63	1,375,381.45	826,601.42	
2010	2,582,710.19	292,470.41	1,400,162.92	890,076.86	
2011	2,639,686.52	300,405.17	1,422,737.03	916,544.32	
2012	2,778,365.40	288,208.50	1,387,960.92	859,643.98	\$242,552.00

- In 1934 (Ex. Sess. Laws 1934, Ch. 53, Sec. 2-3), the surcharge proceeds collected by the Insurance Commissioner on the fire insurance written in each city's property was payable to the applicable relief association treasurer, on a State Auditor warrant, and payments were to be made semiannually, on June 30 and December 31 each year.
- In 1986 (1st Spec. Sess. Laws 1986, Ch. 1, Art. 7, Sec. 4), the payments were rescheduled to three times per year, March 15, May 15, and November 15, and the payments were to be made in equal installments.
- In 1987 (Laws 1987, Ch. 268, Art. 2, Sec. 24), the requirement that the surcharge installments be equal amounts was eliminated.
- In 1988 (Laws 1988, Ch. 719, Art. 19, Sec. 1), the payment dates for the surcharge were reset, from March 15 to March 31, from May 15 to May 31, and from November 15 to November 30.
- In 1989 (Laws 1989, Ch. 277, Art. 1, Sec. 4), the surcharge payment dates were again modified, with the November 30 date reset to October 31.
- In 2000 (Laws 2000, Ch. 394, Art. 1, Sec. 3), the payment dates for the surcharge proceeds were reset to July 31 and December 31, with the surcharge amounts received since the last surcharge allotment comprising the payment.

5. Permissible Uses of First Class City Fire Insurance Premium Tax Surcharge. In 1934 (Ex. Sess. Laws 1934, Ch. 53, Sec. 2-3), the surcharge allocation was initially payable to the treasurer of the applicable first class city firefighter relief association.

The first class city fire insurance premium tax surcharge is currently payable to the executive director of the Public Employees Retirement Association (PERA) as the successor in interest for the relief association for deposit in the Public Employees Police and Fire Retirement Plan (PERA-P&F) fund and credited against the first class city's additional employer contribution to PERA-P&F as part of local relief association or consolidation account merger legislation.

Background Information on the Amortization State Aid Program

1. In General. As part of the resolution of the issue of the manner in which pension coverage was to be provided to police officers and firefighters in 1980 and to avoid a legislative imposition of an unfunded statutory mandate, state aid programs were established to assist the applicable municipalities in meeting the additional financial obligations that accompanied that coverage resolution. Three state aid programs were established, the local police and paid fire amortization state aid, the supplemental police and paid fire amortization state aid, and the additional amortization state aid.

2. Amortization State Aid.

a. Establishment. The local police and paid fire relief association amortization state aid was established in 1980 (Laws 1980, Ch. 607, Art. XV, Sec. 5), as part of the legislation provided for the closing of most local police and paid fire relief associations to new entrants. The program is currently coded as Minnesota Statutes, Section 423A.01, Subdivision 1. In 1980, local police and salaried firefighter relief associations were closed to new members. New hires were redirected to the Public Employees Police and Fire Retirement Plan (PERA-P&F). Since the local relief associations would eventually terminate due to closing the plans to new members, there was a need to address funding and bring closure to their actuarial accrued liabilities. The plans were required in 1980 to amortize their unfunded actuarial accrued liabilities by the year 2010. As additional state assistance, the amortization aid program was established. The aid was designed to cover a portion of the annual amortization requirement, given the unfunded actuarial accrued liabilities that existed as of the 1978 actuarial valuation of the fund. The amortization aid to the relief association equaled the difference between the full amortization requirement on the relief association's 1978 unfunded actuarial accrued liability and the 5% interest only requirement on the same unfunded actuarial accrued liability. The aid was meant to be a fixed amount, leaving local governments responsible for any increases in unfunded actuarial accrued liabilities due to future poor investment returns, high administrative expenses, benefit improvements, mortality losses, or any other cause that causes an increase in unfunded actuarial accrued liabilities. The intent was to provide some state assistance while still providing incentives for prudent local management of the assets of the fund.

- b. Source of the Amortization State Aid Revenue. Local police and paid fire amortization state aid was initially funded and remains funded from the general fund. The initial amortization state aid in 1980 was an open and standing appropriation, totaling \$6,574,598.
- In 1989 (Laws 1989, Ch. 319, Art. 19, Sec. 7; Ch. 335, Art. 1, Sec. 48), the amounts of amortization aid for the Minneapolis police and fire relief associations were reduced in connection with the passage of the investment-related 13th check post-retirement adjustment for the fiscal year 1990-fiscal year 1991 biennium.
 - In 1991 (Laws 1991, Ch. 345, Art. 1, Sec. 33, 92), that reduction for the Minneapolis police and fire relief associations was made permanent, with the total amortization aid amount capped at \$5,055,000, and the open and standing appropriation language was eliminated, making the program dependent on biennial general fund direct appropriations.

Local police and paid fire amortization state aid was appropriated every biennium during the period 1991-2002.

- In 2003, the amortization state aid program was reclassified for budgetary target and appropriation consideration purposes within the Legislature as part of the jurisdiction of the tax committees, but the appropriation for the aid program was not included in the tax bills 2003-2008.
- In 2009 (Laws 2009, Ch. 88, Art. 12, Sec. 14-17), the amortization state aid was capped at \$4.72 million and was again made an open and standing appropriation and the payments of amortization state aid 2003-2008 were retroactively authorized.

Local police and paid fire amortization state aid has declined in amount since its initiation in 1980, by virtue of the Minneapolis Police Relief Association and the Minneapolis Firefighters Relief Association aid reductions, by virtue of the increase in the number of local relief associations that lose qualifications for aid by becoming fully funded or by virtue of relief associations that merged into PERA-P&F and completed their additional employer contribution requirement to PERA-P&F, as follows:

Year	Total Amortization Aid	Paid Fire Share	Police Share
1980	\$6,574,598	\$3,092,275	\$3,482,323
1981	6,574,598	3,092,275	3,482,323
1982	6,574,598	3,092,275	3,482,323
1983	6,574,598	3,092,275	3,482,323
1984	6,574,598	3,092,275	3,482,323
1985	6,574,598	3,092,275	3,482,323
1986	6,574,598	3,092,275	3,482,323
1987	6,574,598	3,092,275	3,482,323
1988	6,574,598	3,092,275	3,482,323
1989	6,574,598	3,092,275	3,482,323
1990	6,574,598*	3,092,275*	3,482,323*
1991	6,574,598*	3,092,275*	3,482,323*
1992	5,054,598*	2,319,507*	2,735,091*
1993	6,536,774*	3,092,275*	3,444,499*
1994	6,436,774*	3,078,286*	3,358,458*
1995	6,371,049*	3,047,362*	3,323,687*
1996	6,240,998*	3,018,608*	3,222,390*
1997	2,974,389	1,528,768	1,445,621
1998	1,958,033	1,427,183	530,850
1999	1,727,824	1,250,444	477,380
2000	1,639,219	1,250,444	388,775
2001	1,616,837	1,235,602	381,235
2002	2,668,756	1,250,444	1,418,312
2003	1,977,698	559,386	1,418,312
2004	1,318,465	372,964	945,501
2005	1,332,119	386,579	945,540
2006	1,219,119	345,579	945,540
2007	948,161	559,386	388,775
2008	948,161	559,386	388,775
2009	2,686,038	1,251,058	1,434,980
2010	1,760,259	235,232	1,525,027
2011	748,209	705,696	25,026
2012	1,957,805	1,029,537	928,268

* Amount does not include reductions for excess investment income under the 13th check post-retirement adjustment mechanism for the Minneapolis Police Relief Association and for the Minneapolis Firefighters Relief Association.

- c. Qualification Requirements for Receipt of Amortization State Aid. Initially, in 1980, municipalities with a local police or paid fire relief association that were governed by the 1969 Police and Paid Fire Relief Association Financing Guidelines Act (Minn. Stat. Sec. 69.77) and that began phasing out into the PERA-P&F were eligible, upon an approval application, to receive local police and paid fire relief association amortization aid. These municipalities qualified for amortization state aid if they applied to the Commissioner of Finance for the aid, complied with the police and fire state aid program aid deposit and financial reporting requirements, and complied with the 1969 Financing Guidelines Act. In 1986 (Laws 1986, Ch. 261, Sec. 5), the annual requirement for amortization aid receipt was eliminated and the frequency of applications was made discretionary with the Commissioner of Finance.
- Under 1985 legislation (Laws 1985, Ch. 261, Sec. 5), in conjunction with the total consolidation of the Moorhead Firefighters Relief Association and the Moorhead Police Relief Association into PERA-P&F, municipalities that qualified for amortization state aid with a local relief association remained qualified for amortization state aid following consolidation with PERA-P&F.
 - In 1986 (Laws 1986, Ch. 359, Sec. 17), the administration of the amortization state aid program was transferred from the Commissioner of Finance to the Commissioner of Revenue.
 - In 1992 (Laws 1992, Ch. 437, Sec. 1), the qualification requirement of a local relief association phase out into PERA-P&F was eliminated as obsolete, recognizing that all local police and paid fire relief associations were closed to new entrants by that date. The continued existence of an unfunded actuarial accrued liability in the most recent actuarial valuations under the state actuarial reporting law (Minn. Stat. Sec. 356.215) was added as a specific eligibility requirement in 1992. Upon its relief association becoming fully funded, the applicable municipality lost its eligibility for amortization state aid for that year and all subsequent years. Also in 1992, for consolidation accounts, eligibility for amortization state aid was clarified as a function of whether or not the municipality had an additional municipal contribution under the general local police and paid firefighter relief association consolidation authorization law (Minn. Stat. Sec. 353A.09, Subd. 5).
 - In 1996 (Laws 1996, Ch. 438, Art. 4, Sec. 9), the portion of prior amortization aid under \$5.72 million that is released on behalf of fully funded local police or paid fire relief associations

or local police or paid fire consolidation accounts within PERA-P&F was redirected from cancellation back to the general fund to the Minneapolis Teachers Retirement Fund Association (MTRFA), to the St. Paul Teachers Retirement Fund Association (SPTRFA), and to fund the minimum volunteer firefighter fire state aid provision (Minn. Stat. Sec. 69.021, Subd. 7, Para. (d)). The minimum volunteer firefighter fire state aid amount has no qualification requirements. The MTRFA and SPTRFA redirected portion of the aid is dependent on having an unfunded actuarial accrued liability and a funding ratio less than that of the statewide Teachers Retirement Association (TRA), on each applicable school district making a required additional contribution to the respective teacher retirement fund association (\$200,000 in 1998 increasing to \$800,00 in 2001 and thereafter by Independent School District No. 625; and \$250,000 in 1998 increasing to \$1,000,000 in 2003 and thereafter by Special School District No. 1), and, for the MTRFA, on the city of Minneapolis making a required additional contribution to the teachers retirement fund association (\$250,000 in 1998 increasing to \$1,000,000 in 2003 and thereafter).

- In 1997 (Laws 1997, Ch. 241, Art. 9, Sec. 1), a municipality that lost eligibility for local police and paid fire relief association amortization state aid because of its consolidation account becoming fully funded and again has an additional municipal contribution due to the 1997 actuarial assumption changes approved for PERA-P&F and the various consolidation accounts would regain eligibility for the amortization state aid and supplemental amortization state aid.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 16), the 1997 actuarial assumption change continued amortization state aid eligibility provision was removed and a provision was added specifying that received amortization state aid in 1999 and was required to make an additional municipal contribution after 1998 under the local police and fire consolidation account PERA-P&F merger legislation retained continued eligibility for amortization state aid and supplemental amortization state aid until the end of calendar year 2009.
- In 2011 (1st Spec. Sess. Laws 2011, Ch. 8, Art. 8, Sec. 11), references to the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association were revised to indicate the former relief associations.

d. Allocation of Local Police and Paid Fire Relief Association Amortization State Aid. Local police and paid fire relief association amortization state aid is allocated on the basis of the difference between the 5% interest on the relief association unfunded actuarial accrued liability as of December 31, 1978, as reported under the actuarial reporting law (Minn. Stat. Sec. 356.215, 356.216) and the 32-year (year 2010) 5% level dollar amortization requirement for the same relief association unfunded actuarial accrued liability. Under Minnesota Statutes 1978, Section 69.77, all municipalities with local police or paid fire relief associations were required as of 1980 to freeze their unfunded actuarial accrued liabilities by paying the actuarially assumed interest rate (5%) on the unfunded actuarial accrued liability in addition to the relief association normal cost. In 1980, these municipalities were newly required to amortize those unfunded actuarial accrued liabilities and the amortization state aid provided the necessary additional funding support.

In 1989-1991, the amortization state aid payable to Minneapolis was reduced with the addition of the 13th check post-retirement adjustment mechanism for the Minneapolis Police Relief Association and for the Minneapolis Firefighters Relief Association and the reduction was made permanent.

- In 1996 legislation (Laws 1996, Ch. 438, Art. 4, Sec. 10-13), the Minneapolis police and fire 13th check investment performance threshold was redefined such that the post-retirement adjustment was a greater likelihood and Minneapolis was largely eliminated from the amortization state aid allocation.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 17), a total was set on amortization state aid payable to PERA-P&F on behalf of a municipality with a former local police or fire consolidation account merged into PERA-P&F, set at the total additional municipal contribution payable by the municipality, with any overage above the total reallocated to other municipalities with additional employer contributions under the PERA-P&F merger legislation in proportion to the comparative size of the additional contribution amount until all applicable municipalities reach the limit, whereupon any aid in excess of the applicable totals reallocated in the same manner as for fully funded local police or paid firefighter relief associations.
- In 2000 (Laws 2000, Ch. 461, Art. 9, Sec. 2), the reallocation of amortization state aid, supplemental amortization state aid, and additional amortization state aid in excess of the 1999 limit was revised to be allocated as additional amortization state aid.
- In 2007 (Laws 2007, Ch. 134, Art. 1, Sec. 12), references to MTRFA in the amortization state aid and supplemental amortization state aid reallocation provision were corrected to TRA to reflect the 2006 consolidation into TRA.

- In 2009 (Laws 2009, Ch. 169, Art. 8, Sec. 2, 3), the provision ending eligibility for amortization state aid because the pension arrangement giving rise to the aid became fully funded was eliminated, reinstating amortization state aid eligibility for the Minneapolis Firefighters Relief Association and the Fairmont Police Relief Association, and the reallocation of amortization state aid and supplemental amortization state aid to teacher retirement funds was revised, reducing the allocation to TRA from 70% to 50%, increasing the allocation to SPTRFA from 30% to 40%, and newly including the Duluth Teachers Retirement Fund Association (DTRFA) for 10%.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 84), the 1996 provision was eliminated that required the creation of a separate account for the amortization state aid and supplemental amortization state aid redirected to first class city teacher retirement fund associations and the required exclusion of any assets in that account in determining funding for purposes of determining benefit increases.
- In 2012 (Laws 2012, Ch. 286, Art. 8, Sec. 9), obsolete prior year additional school district contribution requirement amounts and other obsolete language was revised or eliminated for the reallocation of aid to TRA and SPTRFA.

Initially, in 1980, the amortization state aid was payable in four roughly quarterly equal installments (March 15, July 15, September 15, and December 15).

- In 1996 (Laws 1996, Ch. 438, Art. 4, Sec. 8), the frequency of amortization state aid payments was reduced to three equal installments (July 15, September 15, and November 15).
- e. Permissible Uses of the Amortization State Aid. Local police and paid fire relief association amortization state aid is payable to the treasurer of the applicable municipality and is required to be transmitted to the respective relief association treasurer for immediate deposit in the relief association.
- f. Termination of the Aid Program.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 18), the date on which the amortization state aid, the supplemental amortization state aid, and the additional amortization state aid will terminate was set at MTRFA and SPTRFA becoming fully funded.
 - In 2007 (Laws 2007, Ch. 134, Art. 1, Sec. 13), the termination date for the amortization state aid, the supplemental amortization state aid, and the additional amortization state aid was reset as of the end of the calendar year in which SPTRFA becomes fully funded.

Background Information on the Supplemental Amortization State Aid Program

1. In General. As part of the resolution of the issue of the manner in which pension coverage was to be provided to police officers and firefighters in 1980 and to avoid a legislative imposition of an unfunded statutory mandate, state aid programs were established to assist the applicable municipalities in meeting the additional financial obligations that accompanied that coverage resolution. Three state aid programs were established, the local police and paid fire amortization state aid, the supplemental police and paid fire amortization state aid, and the additional amortization state aid.
2. Establishment. The supplemental police and paid fire amortization state aid was initially established in 1984 (Laws 1984, Ch. 564, Sec. 48) when a portion of a state budgetary surplus was dedicated to assist the funding of local police and paid fire relief associations. The aid program was not initially codified. The supplemental amortization state aid was intended to provide state assistance to the then-existing 48 local police and paid fire relief associations in addition to that provided by the local police and paid fire relief association amortization state aid. The supplemental amortization state aid was finally codified as Minnesota Statutes, Section 423A.02, Subdivision 1a, in 1991 (Laws 1991, Ch. 345, Art. 1, Sec. 92) as part of a state government appropriations bill.
3. Source of Supplement Amortization State Aid Revenue. The supplemental police and paid fire amortization state aid was initially funded from an open and standing appropriation from the state general fund (Laws 1984, Ch. 564, Sec. 48).
 - In 1991, the appropriation was shifted from an open and standing appropriation to a direct biennial appropriation (Laws 1991, Ch. 345, Art. 1, Sec. 33, 92).

The state resources committed to supplemental amortization state aid have been \$1,000,000 annually for calendar years 1984-1991, \$553,000 for calendar year 1993, \$1,000,000 annually for calendar years 1994 and 1995, \$521,604 for calendar year 1996, and \$520,244 for calendar year 1997.

- In 2009, (Laws 2009, Ch. 88, Art. 12, Sec. 23), the supplemental amortization state aid, direct or reallocated, was continued at its traditional \$1 million level and was specifically made an open and standing appropriation to the Revenue Commissioner annually.
4. Qualification Requirements for Receipt of Supplemental Amortization State Aid. Initially, in 1984 (Laws 1984, Ch. 564, Sec. 48) and currently, the sole requirement to qualify to receive supplemental amortization state aid was entitlement to receive local police and paid fire relief association amortization state aid.
 5. Qualification Requirements for Receipt of Amortization State Aid. Initially, in 1980, municipalities with a local police or paid fire relief association that were governed by the 1969 Police and Paid Fire Relief Association Financing Guidelines Act (Minn. Stat. Sec. 69.77) and that began phasing out into the Public Employees Police and Fire Retirement Plan (PERA-P&F) were eligible, upon an approval application, to receive local police and paid fire relief association amortization aid. These municipalities qualified for amortization state aid if they applied to the Commissioner of Finance for the aid, complied with the police and fire state aid program aid deposit and financial reporting requirements, and complied with the 1969 Financing Guidelines Act. In 1986 (Laws 1986, Ch. 261, Sec. 5), the annual requirement for amortization aid receipt was eliminated and the frequency of applications was made discretionary with the Commissioner of Finance.
 - In 1992 (Laws 1992, Ch. 437, Sec. 1), upon a relief association becoming fully funded, the applicable municipality lost its eligibility for supplemental amortization state aid for that year and all subsequent years and, for consolidation accounts, eligibility for supplemental amortization state aid was clarified as a function of whether or not the municipality had an additional municipal contribution under the general local police and paid firefighter relief association consolidation authorization law (Minn. Stat. Sec. 353A.09, Subd. 5).
 - In 1997 (Laws 1997, Ch. 241, Art. 9, Sec. 1), a municipality that lost eligibility for supplemental amortization state aid because of its consolidation account becoming fully funded and again has an additional municipal contribution due to the 1997 actuarial assumption changes approved for PERA-P&F and the various consolidation accounts would regain eligibility for the supplemental amortization state aid.
 - In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 16), the 1997 actuarial assumption change continued supplemental amortization state aid eligibility provision was removed and a provision was added specifying that received amortization state aid in 1999 and was required to make an additional municipal contribution after 1998 under the local police and fire consolidation account

PERA-P&F merger legislation retained continued eligibility for supplemental amortization state aid until the end of calendar year 2009.

- In 2009 (Laws 2009, Ch. 169, Art. 8, Sec. 2, 3), the provision ending eligibility for supplemental amortization state aid because the pension arrangement giving rise to the aid became fully funded was eliminated, reinstating amortization state aid eligibility for the Minneapolis Firefighters Relief Association and the Fairmont Police Relief Association, and the reallocation of amortization state aid and supplemental amortization state aid to teacher retirement funds was revised, reducing the allocation to the Teachers Retirement Association (TRA) from 70% to 50%, increasing the allocation to the St. Paul Teachers Retirement Fund Association (SPTRFA) from 30% to 40%, and newly including the Duluth Teachers Retirement Fund Association (DTRFA) for 10%.
6. Allocation of Supplemental Amortization State Aid. Initially, in 1984, supplemental amortization state aid was allocated in proportion to the relationship that each applicable relief association's most recent unfunded actuarial accrued liability bears to the most recent total unfunded actuarial accrued liabilities of all applicable relief associations.
- In 1985 (Laws 1985, Ch. 261, Sec. 17), the allocation procedure for supplemental amortization state aid changed to an allocation in proportion to the relationship that each relief association's December 31, 1983, unfunded actuarial accrued liability bears to the most recent total unfunded actuarial accrued liabilities of all applicable relief associations.
 - In the 1991 codification of the supplemental amortization state aid (Laws 1991, Ch. 345, Art. 1, Sec. 92), the allocation procedure was returned to the 1984 allocation procedure (most recent actuarial valuation results) and the aid was made payable to the applicable relief associations.
 - In 1992, clarifying the 1991 codification, the allocation procedure was revised again to incorporate the 1985 allocation procedure (December 31, 1983, actuarial valuation results) and the aid was made payable to municipalities rather than directly to relief associations.

Allocations of supplemental amortization state aid are adjusted over time. Under the "13th check" post-retirement adjustment mechanism of the Minneapolis Police Relief Association and of the Minneapolis Firefighters Relief Association (Laws 1989, Ch. 319, Art. 19, Sec. 7), if sufficient excess investment income is generated to permit the payment of a "13th check" post-retirement adjustment, supplemental amortization state aid is also reduced with amortization state aid by the amount of the 13th check post-retirement adjustment payments. If police or paid fire relief associations become fully funded and consequently lose eligibility for supplemental amortization state aid, the supplemental amortization state aid attributable to that relief association is reallocated to all remaining relief associations.

- In 1996 (Laws 1996, Ch. 438, Art. 4, Sec. 9), the portion of prior supplemental amortization aid that was released on behalf of fully funded local police or paid fire relief associations or local police or paid fire consolidation accounts within PERA-P&F was redirected from cancellation back to the general fund to the Minneapolis Teachers Retirement Fund Association (MTRFA), to SPTRFA, and to fund the minimum volunteer firefighter fire state aid provision (Minn. Stat. Sec. 69.021, Subd. 7, Para. (d)).

The following summarizes the allocation of the supplemental amortization state aid between police relief associations and paid fire relief associations 1984-2011:

Year	Total Supplemental State Aid	Fire Relief Association Aid Portion	Police Relief Association Aid Portion
1984	\$1,000,000	\$489,389	\$510,611
1985	1,000,000	489,389	510,611
1986	1,000,000	489,389	510,611
1987	1,000,000	489,389	510,611
1988	1,000,000	489,389	510,611
1989	1,000,000	489,389	510,611
1990	1,000,000	489,389	510,611
1991	1,000,000	489,389	510,611
1992	1,000,000	489,389	510,611
1993	553,000	288,410	264,590
1994	1,000,000	499,828	500,172
1995	1,000,000	497,101	502,899
1996	521,604	281,733	239,871
1997	520,244	287,510	232,734
1998	435,333	330,299	105,034
1999	543,483	411,135	132,348
2000	529,703	415,993	113,710
2001	279,229	165,519	113,710
2002	749,526	165,519	584,007

Year	Total Supplemental State Aid	Fire Relief Association Aid Portion	Police Relief Association Aid Portion
2003	749,526	165,519	584,007
2004	749,526	165,519	584,007
2005	749,526	165,519	584,007
2006	749,526	165,519	584,007
2007	572,136	165,519	406,617
2008	572,136	165,519	406,617
2009	829,177	396,625	432,552
2010	1,000,000	451,629	548,371
2011	524,493	451,629	72,864
2012	993,314	540,330	452,984

- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 17), a total was set on amortization state aid payable to PERA-P&F on behalf of a municipality with a former local police or fire consolidation account merged into PERA-P&F, set at the total additional municipal contribution payable by the municipality, with any overage above the total reallocated to other municipalities with additional employer contributions under the PERA-P&F merger legislation in proportion to the comparative size of the additional contribution amount until all applicable municipalities reach the limit, whereupon any aid in excess of the applicable totals reallocated in the same manner as for fully funded local police or paid firefighter relief associations.
- In 2000 (Laws 2000, Ch. 461, Art. 9, Sec. 2), the reallocation of amortization state aid, supplemental amortization state aid, and additional amortization state aid in excess of the 1999 limit was revised to be allocated as additional amortization state aid.
- In 2007 (Laws 2007, Ch. 134, Art. 1, Sec. 12), references to MTRFA in the amortization state aid and supplemental amortization state aid reallocation provision were corrected to TRA to reflect the 2006 consolidation into TRA.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 84), the 1996 provision was eliminated that required the creation of a separate account for the amortization state aid and supplemental amortization state aid redirected to first class city teacher retirement fund associations and the required exclusion of any assets in that account in determining funding for purposes of determining benefit increases.
- In 2012 (Laws 2012, Ch. 286, Art. 8, Sec. 9), obsolete prior year additional school district contribution requirement amounts and other obsolete language was revised or eliminated for the reallocation of aid to TRA and SPTRFA.

Initially, in 1984 (Laws 1984, Ch. 564, Sec. 48), the supplemental amortization state aid to the applicable local relief associations was payable at the same time as police and fire state aid.

- In 1992 (Laws 1992, Ch. 437, Sec. 1), the supplemental amortization aid was made payable to the municipalities with local police and paid firefighter relief associations with unfunded actuarial accrued liabilities and was made payable once per year on July 15.
 - In 1994 (Laws 1994, Ch. 465, Art. 3, Sec. 58), the 1992 aid payment date change was repealed.
7. Permissible Uses of Supplemental Amortization State Aid. Supplemental amortization state aid is only permitted to be used by a municipality for transmittal to the applicable local police or paid fire relief association treasurer for immediate deposit into the relief association special fund.
8. Termination of the Aid Program.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 18), the date on which the amortization state aid, the supplemental amortization state aid, and the additional amortization state aid will terminate was set at MTRFA and SPTRFA becoming fully funded.
 - In 2007 (Laws 2007, Ch. 134, Art. 1, Sec. 13), the termination date for the amortization state aid, the supplemental amortization state aid, and the additional amortization state aid was reset as of the end of the calendar year in which SPTRFA becomes fully funded.

Background Information on the Additional Amortization State Aid Program

1. **In General.** As part of the resolution of the issue of the manner in which pension coverage was to be provided to police officers and firefighters in 1980 and to avoid a legislative imposition of an unfunded statutory mandate, state aid programs were established to assist the applicable municipalities in meeting the additional financial obligations that accompanied that coverage resolution. Three state aid programs were established, the local police and paid fire amortization state aid, the supplemental police and paid fire amortization state aid, and the additional amortization state aid.

2. **Additional Amortization State Aid.**

a. **Establishment.** The additional amortization state aid was established in 1995 (Laws 1995, Ch. 262, Art. 4, Sec. 1). The additional amortization state aid was intended by the Legislative Commission on Pensions and Retirement to provide additional support to the remaining underfunded local police and paid fire relief associations and consolidation accounts from state resources previously dedicated for police pension funding purposes in the form of excess police state aid.

The additional amortization state aid program was moved from Minnesota Statutes, Section 353.65, Subdivision 7, to Section 423A.02 in 1996 (Laws 1996, Ch. 390, Sec. 35). The 1996 legislation revised and rationalized the provisions of the 1995 legislation. The additional amortization state aid was effective October 1, 1997, by terms of both the 1995 and the 1996 legislation.

b. **Source of Additional Amortization State Aid Revenue.** Additional amortization state aid is funded from one half of the amount of excess police state aid under Minnesota Statutes, Section 69.031, after deduction of the funding related to the statewide ambulance service personnel longevity award and incentive program (\$1,000,000 annually from 1994 until 2002; \$900,000 annually from 2003 until 2007; but undedicated to the ambulance longevity program) and after deduction of any funding dedicated to a potential police officer stress reduction program, if enacted. The balance of the excess police state aid cancels to the state general fund.

Excess police state aid, when it occurs, is generated by the relative generosity of the police state aid program, which has provided aid per police officer in an amount larger than the public employer's pension obligation to the applicable public pension plan for most counties, municipalities, and townships receiving police state aid.

In 2007, police state aid was \$7,760 per police officer, covering the full employer pension obligation to the Public Employees Police and Fire Retirement Plan (PERA-P&F) (11.7% of covered salary) for any governmental employer with an average police officer salary less than \$66,325 annually. In 2007, the average PERA-P&F covered salary was \$65,284. For the 2007 police state aid allocation, 373 out of 432 recipients (86.34%) had excess police state aid, with the average excess police state aid of \$14,774.98 for recipients with excess police state aid.

In 2011, police state aid was \$6,762 per police officer, covering the full employer pension obligation to PERA-P&F (14.4% of covered salary) for any governmental employer with an average police officer salary less than \$46,958 annually. In 2011, the average PERA-P&F covered salary was \$73,225. For the 2011 police state aid allocation, 63 out of 422 recipients (14.93%) had excess police state aid, with the average excess police state aid of \$2,304.06 for recipients with excess police state aid.

Additional amortization state aid was first paid on October 1, 1997. The 1997 additional amortization aid totaled \$3,196,236.

c. **Qualification Requirements for Receipt of Additional Amortization State Aid.** Local police and paid fire relief associations and consolidation accounts initially qualified for additional amortization state aid. For a local police or paid fire relief association or for a local police or paid fire consolidation account in PERA-P&F to qualify for additional amortization aid, the local relief association must comply with the 1969 Police and Paid Fire Relief Association Financing Guidelines Act, Minnesota Statutes, Section 69.77, and must have an unfunded actuarial accrued liability in the most recent actuarial valuation reports under the general actuarial reporting law, Minnesota Statutes, Sections 356.215 and 356.216, and the local consolidation account must be certified by the Public Employees Retirement Association (PERA) executive director as having a current year additional municipal contribution and must have implemented any PERA-P&F benefit improvements that were enacted after the effective date of the consolidation.

- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 15), the PERA-P&F retirement fund, on behalf of municipalities with merged local police or paid fire consolidation accounts merged with the PERA-P&F retirement plan, qualified to receive additional amortization state aid if the applicable municipality received additional amortization state aid in 1999 and are required to make an additional employer contribution to PERA-P&F under the local consolidation account merger legislation.
 - In 2011 (1st Spec. Sess. Laws 2011, Ch. 8, Art. 6, Sec. 15; Art. 7, Sec. 15), a cross-reference to the former Minneapolis Police Relief Association and the former Minneapolis Firefighters Relief Association additional employer contribution was added to the additional amortization state aid qualification provision.
- d. Allocation of Additional Amortization State Aid. Additional amortization state aid is allocated in proportion to the relationship that each local police or paid fire relief association or local police or paid fire consolidation account's unfunded actuarial accrued liability bears to the total unfunded actuarial accrued liability of all eligible relief associations or consolidation accounts. The local relief association unfunded actuarial accrued liability figure is as of December 31, 1993, and the local consolidation account unfunded actuarial accrued liability figure is as of June 30, 1994.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 15), the allocation of additional amortization state aid was modified for the 2000 distribution and thereafter, with 64.5% of the additional amortization state aid directed to PERA-P&R on behalf of the local consolidation accounts that merged with PERA-P&F, with 34.2% payable to Minneapolis on behalf of the Minneapolis Police Relief Association and the Minneapolis Firefighters Relief Association, and 1.3% to Virginia on behalf of the Virginia Fire Department Relief Association, with a reduction of aid from Minneapolis or Virginia upon the respective relief associations becoming fully funded, with the reallocation to the Minneapolis Teachers Retirement Fund Association (MTRFA), the St. Paul Teachers Retirement Fund Association (SPTRFA), and the minimum volunteer fire state aid program, with the reallocation to the teacher retirement plans conditioned on investment performance greater than a composite set of index fund results of a hypothetical balanced portfolio on a five-year average basis.
 - In 2000 (Laws 2000, Ch. 461, Art. 9, Sec. 1), the 1999 reallocation provision was condensed and rewritten without apparent substantive change.
 - In 2006 (Laws 2006, Ch. 277, Art. 3, Sec. 42), as part of the legislation consolidating the Minneapolis Teachers Retirement Fund Association (MTRFA) into the Teachers Retirement Association (TRA), TRA replaced the MTRFA as a reallocation of aid recipient.
 - In 2008 (Laws 2008, Ch. 349, Art. 8, Sec. 3), after December 31, 2009, 64.5% of the amount of any additional amortization state aid that was previously paid to municipalities with former local police or paid fire consolidation accounts merged with the Public Employees Police and Fire Retirement Plan (PERA-P&F) will be redirected to the St. Paul Teachers Retirement Fund Association (SPTRFA) (20%), the City of Minneapolis if the Minneapolis Police Relief Association or the Minneapolis Firefighters Relief Association have an unfunded actuarial accrued liability (20%), the City of Duluth to defray police and fire pension costs (20%), and the minimum volunteer fire state aid program (40%).

The following summarizes the allocation of additional amortization aid between police relief associations and paid fire associations in general during the period 1997-2012:

Year	Total Additional Amortization State Aid	Fire Relief Association Aid Portion	Police Relief Association Aid Portion
1997	\$3,196,236	\$1,807,735	\$1,388,501
1998	3,434,031	1,973,222	1,460,809
1999	2,106,474	955,957	1,150,517
2000	4,164,411	2,154,721	2,009,690
2001	8,665,401	4,483,595	4,181,806
2002	5,161,643	2,670,704	2,490,939
2003	5,180,670	1,984,870	3,195,800
2004	6,990,276	2,668,772	4,321,504
2005	6,405,961	2,446,911	3,959,050
2006	4,843,428	1,840,218	3,003,210
2007	1,800,372	687,752	1,112,628
2008	164,479	62,832	101,647
2009	0	0	0
2010	0	0	0
2011	0	0	0
2012	0	0	0

Over the period 2005-2008, additional amortization aid was payable to 12 municipalities, as follows:

Municipality/Plan	2005	2006	2007	2008
Anoka Police	\$12,184	\$9,103	\$3,384	\$309
Columbia Heights Police	32,127	24,003	8,922	815
Crookston Fire	11,520	9,848	3,661	334
Crookston Police	18,060	15,439	5,739	524
Crookston Total	29,580	25,287	9,400	858
Duluth Fire	1,429,746	1,068,221	397,073	36,276
Duluth Police	577,438	431,427	160,368	14,651
Duluth Total	2,007,184	1,499,648	557,441	50,927
Faribault Fire	131,060	110,403	41,038	3,749
Faribault Police	95,114	80,122	29,782	2,721
Faribault Total	226,174	190,525	70,820	6,470
Hibbing Fire	157,714	117,834	43,801	4,002
Hibbing Police	94,577	70,662	26,266	2,400
Hibbing Total	252,291	188,496	70,067	6,402
Mankato Fire	85,604	63,958	23,774	2,172
Minneapolis Police	2,839,137	2,121,232	788,493	72,035
St. Cloud Fire	244,871	182,953	68,006	6,213
South St. Paul Fire	63,257	55,570	20,656	1,887
South St. Paul Police	184,591	162,158	60,277	5,507
South St. Paul Total	247,848	217,728	80,933	7,394
Virginia Fire	107,920	80,632	29,972	2,738
Winona Fire	215,219	160,799	59,771	5,461
Winona Police	105,822	79,064	29,389	2,685
Winona Total	321,041	239,863	89,160	8,146
Total	\$6,405,961	\$4,843,428	\$1,800,372	\$164,479

- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 17), a total was set on amortization state aid payable to PERA-P&F on behalf of a municipality with a former local police or fire consolidation account merged into PERA-P&F, set at the total additional municipal contribution payable by the municipality, with any overage above the total reallocated to other municipalities with additional employer contributions under the PERA-P&F merger legislation in proportion to the comparative size of the additional contribution amount until all applicable municipalities reach the limit, whereupon any aid in excess of the applicable totals reallocated in the same manner as for fully funded local police or paid firefighter relief associations.
 - In 2000 (Laws 2000, Ch. 461, Art. 9, Sec. 2), the reallocation of amortization state aid, supplemental amortization state aid, and additional amortization state aid in excess of the 1999 limit was revised to be allocated as additional amortization state aid.
- e. Permissible Uses of Additional Amortization State Aid. Initially, additional amortization state aid was payable solely and directly to the applicable relief association or consolidation account.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 16), additional amortization aid with respect to municipalities associated with the local police or paid fire consolidation accounts that merged with the Public Employees Police and Fire Retirement Plan (PERA-P&F) was paid to the PERA-P&F retirement fund.
 - In 2000 (Laws 2000, Ch. 461, Art. 9, Sec. 1), the additional amortization state aid for former local consolidation accounts merged into PERA-P&F was made payable to the applicable municipalities rather than to the PERA-P&F retirement fund.
- f. Termination of the Aid Program.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 18), the date on which the amortization state aid, the supplemental amortization state aid, and the additional amortization state aid will terminate was set at the Minneapolis Teachers Retirement Fund Association (MTRFA) and the St. Paul Teachers Retirement Fund Association (SPTRFA) becoming fully funded.
 - In 2007 (Laws 2007, Ch. 134, Art. 1, Sec. 13), the termination date for the amortization state aid, the supplemental amortization state aid, and the additional amortization state aid was reset as of the end of the calendar year in which the St. Paul Teachers Retirement Fund Association (SPTRFA) becomes fully funded.

**Background Information on the
1969 Local Police and Paid Firefighters
Relief Association Guidelines Act**

1. Summary of the Current 1969 Guidelines Act Provision. Minnesota Statutes, Section 69.77, the Police and Firefighters' Relief Associations Guidelines Act of 1969, provides for the following relief association regulation:
 - a. Covered Relief Associations. The Guidelines Act applies to the Bloomington Fire Department Relief Association. (*Sec. 69.77, Subd. 1a*)
 - b. Required Member Contribution. Except for volunteer firefighters, every active member of a covered relief association is required to make a minimum member contribution to the relief association special fund per year of service credit of 8% of the salary figure on which service pensions and retirement benefits are determined. The member contribution must be made by payroll deduction and transmitted to the relief association as soon as possible for deposit in the special fund. (*69.77, Subd. 3*)
 - c. Relief Association Financial Requirement Determination. The officers of the relief association are required to determine the financial requirements of the relief association, which must be based on the most recent actuarial valuation of the special fund of the relief association and which are the normal cost of the relief association indicated in the valuation, expressed as a dollar amount, the future administrative expenses of the relief association calculated by increasing the prior year's expenses by 3.5%, and level dollar annual amortization contribution sufficient to retire the unfunded actuarial accrued liability of the relief association by the applicable amortization date if the relief association has an unfunded actuarial accrued liability. (*69.77, Subd. 4, Para. (a)-(d)*)
 - d. Minimum Municipal Obligation Requirement. The officers of the relief association are required to determine the minimum municipal obligation requirement of the applicable city with respect to the relief association, which is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions for the following calendar year, the estimated amount of fire state aid or police state aid for the following calendar year, and the estimated amortization, supplemental, and additional amortization state aid amounts for the following calendar year. (*69.77, Subd. 4, Para. (a), (e)*)
 - e. Submission of Relief Association Determinations. The officers of the relief association are required to submit the annual financial requirements and the minimum with respect to the relief association to the governing body of the city before the established filing date set by the municipality, which must be between August 1 and September 1. The municipality is required to ascertain whether or not the determinations meet legal requirements. (*69.77, Subd. 5*)
 - f. Municipal Payment. The municipality is required to budget for and to provide for the minimum municipal obligation amount with respect to the relief association. If there is any deficiency in one year's municipal contribution payment at the end of the calendar year, the amount of the deficiency must be added to the financial requirements of the following year, plus 6% compound interest from the payment due date to the payment made date. The municipality may levy property taxes for the minimum municipal obligation with respect to the relief association without any levy rate or amount limitation. (*69.77, Subd. 6, and Subd. 7, Para. (a)*)
 - g. Relief Certification to County Auditor. If the municipality fails to include the full amount of the minimum municipal obligation in its tax levy certified to the county auditor, the relief association officers are required to certify the deficiency amount to the county auditor. If the county auditor ascertains that there is a municipal levy deficiency, the county auditor is required to spread the additional property tax levy over the municipal taxable property. (*69.77, Subd. 7, Para. (b), (c)*)
 - h. Accelerated Amortization. Any money paid to a relief association by the municipality must be utilized to amortize the relief association unfunded actuarial accrued liability if the relief association. (*69.77, Subd. 8*)
 - i. Relief Association Investment Authority. The relief association special fund must be invested in investments authorized under the public pension fiduciary statutes. The relief association is permitted to utilize an investment performance measurement consultant. (*69.77, Subd. 9*)

- j. Required Actuarial Valuations. The relief association is required to obtain an actuarial valuation of the relief association special fund under Minnesota Statutes, Section 356.215, and the Commission's Standards for Actuarial Work as of December 31 annually, filed with the Legislative Reference Library, the governing body of the municipality, the Legislative Commission on Pensions and Retirement, and the State Auditor by the following July 1. (69.77, Subd. 10)
- k. Municipal Approval of Benefit Changes. The governing board of the municipality is required to approve any amendment to the articles of incorporation or the bylaws that increases or affects the retirement coverage provided by the relief association before the amendment becomes effective and the relief association officers are not permitted to seek municipal ratification before obtaining an updated actuarial valuation including any amendment or an actuarial cost estimate prepared by the relief association actuary and filing the document with the municipal clerk. (69.77, Subd. 1)
- l. Override of Incompatible Contribution Rate Law. The Guidelines Act overrides any special or general law limiting the levy rate or municipal contribution rate to a relief association unless there is a specific provision addressing the override. (69.77, Subd. 12)
- m. Penalty for Noncompliance. A municipality and a relief association that fail to comply with the Guidelines Act are not permitted to contribute public funds to the relief association or to receive municipal contributions or state aid until the disqualifying event is remedied. The state auditor is the entity that determines whether a municipality fails to comply with the Guidelines Act. (69.77, Subd. 1, 2)
- n. Citation. The act may be cited as the "Police and Firefighters' Relief Association Guidelines Act of 1969." (69.77, Subd. 13)
2. Development of the 1969 Guidelines Act. Before 1969, each of the state's 64 local police (34) and paid fire (30) relief associations was governed by either a municipal class-based general law, or local special law, or combination that required some municipal funding, but generally limited at either as to a dollar amount or as to a maximum levy rate, requiring the relief associations to be essentially funded on a current disbursements or "pay-as-you-go" basis with a minimal accumulation of special fund assets.
- In 1969 (Laws 1969, Ch. 223), the 1969 Guidelines Act was enacted, making it unlawful for a municipality to contribute public funds to a police or paid fire relief association beginning on July 1, 1971, if the provisions of the statute are not complied with, requiring a minimum member contribution of 6% of the salary on which retirement benefits are calculated on by police officers and paid firefighters, requiring the determination, beginning in 1970, based on the 1967 actuarial valuations, of the annual financial requirements of the relief association consisting of the dollar amount normal cost and 3% interest on the amount of the relief association special fund, and with the minimum obligation of the municipality consisting of the amount levied for the relief association in the preceding year plus a ten-year phasing-in of the amount of the difference between the previous year's levy and the full actuarial requirements, with the governmental obligation figures submitted to the municipality by September 1 annually, with prompt payment of the municipal contribution when funds are available, and with 6% interest on any unpaid amount as of September 1, with the municipality obligated to budget for the municipal obligation and levy for it without any statutory limitation, and with any amount omitted from the municipal levy available to be certified by the relief association as an additional levy with the county auditor, with the funds invested in investments authorized for the Minnesota State Retirement System (MSRS), with a limit of \$10,000 invested in stock of any one corporation, and with the relief association obligated to have an actuarial valuation prepared as of December 31, 1970, and at least every four years thereafter.
 - In 1971 (Laws 1971, Ch. 11, Sec. 1, and Ch. 329, Sec. 1), the minimum member contribution rate requirement was modified to clarify that it does not apply to volunteer firefighters and, effective January 1, 1971, municipal ratification was required for all amendments to the articles of incorporation or bylaws that affected benefits.
 - In 1973 (Laws 1973, Ch. 129, Sec. 6, and Ch. 772, Sec. 2), the interest rate on the unfunded actuarial accrued liability of the relief association special fund was increased from 3% to 5%, clarified that the \$10,000 investment in one stock applied only to situations where the small size makes a 3% limit smaller than \$10,000, and allowing an unlimited investment amount in the income share account of the Minnesota Supplemental Retirement Fund and up to 20% in the growth share account of the Minnesota Supplemental Retirement Fund.

- In 1974 (Laws 1974, Ch. 152, Sec. 10), an unlimited investment amount was permitted by local police of paid fire relief associations in the fixed income share account of the Minnesota Supplemental Retirement Fund.
- In 1975 (Laws 1975, Ch. 271, Sec. 6), the name of the pension commission in the Guidelines Act actuarial valuation filing requirement was changed to the Legislative Commission on Pensions and Retirement.
- In 1977 (Laws 1977, Ch. 429, Sec. 63), the term "firefighter" was substituted for the term "fireman" in the Guidelines Act.
- In 1978 (Laws 1978, Ch. 563, Sec. 1-3), the obsolete effective date for the Guidelines Act non-compliance penalty was eliminated, the contents of the Guidelines Act was broken into subdivisions, disqualification for future fire state aid or police state aid was added as a non-compliance penalty, the generic descriptors of the relief associations required to file quadrennial actuarial valuations with the Pension Commission was moved from Minnesota Statutes 1976, Section 69.71, to the Guidelines Act, the due date for the filing of the minimum municipal obligation with respect to the relief association was set at a date during August annually rather than September 1, as set by the municipality, relief association officers were mandated to certify an additional levy to the county auditor if the municipal levy is deficient, obsolete references to the 1967 actuarial valuations were eliminated, the frequency of local police and paid fire relief association actuarial valuations was increased to every two years, and the legislative reference library was substituted for the secretary of the senate and the chief clerk of the house of representatives from the actuarial valuation filing requirement.
- In 1980 (Laws 1980, Ch. 341, Sec. 1; Ch. 607, Art. 14, Sec. 27; and Ch. 607, Art. 15, Sec. 2), the minimum local police and paid fire relief associations minimum member contribution rate was increased to 8% of salary, the financial requirements of a relief association were required to include the requirement to amortize the relief association special fund unfunded actuarial accrued liability by 2010 replaced the interest on the unfunded actuarial accrued liability requirement, and the authorized investment specification for the State Board of Investment replaced the reference to the Minnesota State Retirement System (MSRS) authorized investment list and references to the Minnesota Supplemental Retirement Fund were changed to the Minnesota Supplemental Investment Fund.
- In 1981 (Laws 1981, Ch. 208, Sec. 7, and Ch. 224, Sec. 23-26), the Guidelines Act was amended to improve the language style and usage of the provision, a due date for the determination of the financial requirements of the relief association was set at the same date as the submission date for the minimum municipal obligation determination, a requirement was added for the use of any special actuarial work prepared for a municipality-approved benefit increase in the financial requirement determination, a clarification was added for the determination of the financial requirements if the relief association is fully funded, a deduction for amortization state aid was added to the requirements for the determination of the minimum municipal obligation, unlimited investments in the bond account of the Minnesota Supplemental Investment Fund were authorized, and a requirement for an actuarial estimate of the cost of a benefit improvement, to be filed with the municipality before submission for municipal ratification, was added.
- In 1982 (Laws 1982, Ch. 460, Sec. 5, and Ch. 578, Art. 3, Sec. 2), the Guidelines Act penalty of disqualification to receive fire state aid or police state aid was revised to accommodate the prior legislated change from county auditor aid allocation to state department of insurance aid allocation and revised the citation to the amortization state aid program.
- In 1983 (Laws 1983, Ch. 71, Sec. 1; Ch. 289, Sec. 114, Sec. 1; and Ch. 291, Sec. 2), the obsolete phase-in of member contribution increases and the obsolete provisional exemption of volunteer firefighters from the minimum member contribution rate requirement was eliminated, the actuarial valuation filing requirement was made annual, references to the "insurance commissioner" were changed to the "commerce commissioner," and the investment authority was broadened to include Minnesota non-farm real estate investments up to 10% of the relief association special fund market value.
- In 1984 (Laws 1984, Ch. 574, Sec. 2), the local police and paid fire relief association investment restrictions were expanded to permit open-end investment company investments of up to 75% of the relief association special fund market value of assets if the investment company portfolio complies with the authorized investments of the State Board of Investment.

- In 1985 (1st Spec. Sess. Laws 1985, Ch. 7, Sec. 35), statutory cross-references to Minnesota Statutes, Section 356.215, in the Guidelines Act, were revised.
- In 1986 (Laws 1986, Ch. 356, Sec. 6, and Ch. 359, Sec. 10), the main regulatory portion of the Guidelines Act was further divided into subdivisions, references to the Commerce Commissioner were changed to the Revenue Commissioner, the prior \$10,000 maximum investment in one corporation stock exception was eliminated, all limitations on investing in the Minnesota Supplemental Investment Fund were eliminated, and relief associations were permitted to retain investment performance consultants if they utilize the rate of return formula specified by the State Board of Investment.
- In 1987 (Laws 1987, Ch. 259, Sec. 6-7), the actuarial valuation requirement was clarified as the special fund if the association had more than one fund or the entire association if the association had only one fund, added the administrative expenses of the relief association special fund as part of the financial requirements of the relief association determination process, and required that relief association actuarial valuations comply with the Commission's Standards for Actuarial Work.
- In 1989 (Laws 1989, Ch. 319, Art. 8, Sec. 7, and Art. 19, Sec. 3), the financial requirements of a relief association determination procedure was modified to exempt the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association from the requirement to include relief association administrative expenses from the calculation and updated the language style and usage in the investment portion of the Guidelines Act.
- In 1993 (Laws 1993, Ch. 300, Sec. 8), relief associations were authorized to certify relief association general fund assets for investment by the State Board of Investment in fixed income pools or separately managed accounts.
- In 1994 (Laws 1994, Ch. 604, Art. 2, Sec. 1), the authorized investments specification for relief associations was shifted from the State Board of Investment to the Minnesota Public Pension Fiduciary Responsibility Law.
- In 2002 (Laws 2002, Ch. 377, Art. 6, Sec. 1; Ch. 392, Art. 1, Sec. 1; and Ch. 11, Sec. 52), it was clarified that, without a specific provision to the contrary, no previous special law or general law may be construed to reduce the levy for or rate of contribution to a relief association by a municipality or an association member and relief associations and municipalities are fully empowered to do all things required by the Guidelines Act, the Guidelines Act was revised to improve the language style and usage of the enactment, and various statutory cross-references were update to accommodate a recodification of Minnesota Statutes, Chapter 356.
- In 2005 (1st Spec. Sess. Laws 2005, Ch. 8, Art. 11, Sec. 1), the amortization dates for the Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association, the Minneapolis Police Relief Association, the Bloomington Fire Department Relief Association, and the Virginia Fire Department Relief Association were specified directly or by statutory cross-reference.
- In 2006 (Laws 2006, Ch. 271, Art. 8, Sec. 1), additional investment authority for mutual funds and for government and corporate debt were specified.
- In 2009 (Laws 2009, Ch. 169, Art. 8, Sec. 1), the financial requirements determination provision was restructured to separate out the amortization dates for the Minneapolis Firefighters Relief Association, the Minneapolis Police Relief Association, the Fairmont Police Relief Association, the Bloomington Fire Department Relief Association, and the Virginia Fire Department Relief Association, superseding any special law specification.
- In 2011 (1st Spec. Sess. Laws 2011, Ch. 8, Art. 8, Sec. 4-5), references to the Minneapolis Police Relief Association and the Minneapolis Firefighters Relief Association in the Guidelines Act were eliminated upon the approval of the consolidation of the two relief associations with the Public Employees Police and Fire Retirement Plan (PERA-P&F).
- In 2012 (Laws 2012, Ch. 286, Art. 11, Sec. 1-2), references to the Fairmont Police Relief Association and the Virginia Fire Department Relief Association in the Guidelines Act were eliminated.

**Background Information on the
1987 Local Public Safety Pension Plan Consolidation Law and the
1999 PERA-P&F Consolidation Account Merger Law**

1. Local Public Safety Pension Plan Consolidation with PERA-P&F.

- a. In General. Minnesota Statutes, Chapter 353A, enacted in 1987, authorizes local police or paid fire relief associations to undertake an administrative consolidation of the relief association with the Public Employees Police and Fire Retirement Plan (PERA-P&F) and authorizes the active members of a consolidated local relief association to elect between the local relief association benefit plan coverage and that of PERA-P&F. Individuals who were deferred members or benefit recipients as of the date of consolidation have a more limited option. The PERA-P&F provision available to individuals who were retired, deferred, or disabled on the effective date of the consolidation is limited to an option to have the post-retirement adjustment determined under the PERA-P&F procedure rather than those applicable to the local plan. Except for that limited option, the benefit provisions of the local plan apply.

A local relief association consolidation with PERA-P&F is a voluntary action on the part of the relief association membership and the applicable municipality. The consolidation action is initiated by a petition signed by a minimum proportion of the relief association membership (either 10% or 30% of the relief association, depending on support or opposition of the relief association to the 1987 consolidation legislation). If the petition is sufficient in the number of signatures and verified, the consolidation question is subject to a membership referendum subject to a majority vote (either a majority of those voting or a majority of all members voting or not voting).

If the referendum prevails, the governing body of the applicable city must act upon the proposed action. If the governing body grants preliminary approval, an actuarial assessment of the possible liability impact of the benefit plan coverage option is prepared. The governing body then considers final approval after receipt of the consolidation actuarial work to effect the consolidation. If the consolidation is approved on final municipal approval, the local relief association ceases to exist as a pension fund and all administrative duties relating to the local plan shift to the Public Employees Retirement Association (PERA), and the State Board of Investment invests the assets of the prior relief association.

Following the consolidation, members can retain their current benefit coverage or elect all or portions of the PERA-P&F benefit plan, as applicable given the status of the individual at the time of the consolidation. Individuals who are active members at the time of the consolidation are authorized under law to retain all rights under the local plan or to elect the PERA-P&F plan in its entirety. For individuals who at the time of the consolidation are disabilitants, deferred retirees, retirees, or survivors, the election is limited to the manner in which prospective post-retirement adjustments are calculated. For these deferred members or benefit recipients, the benefit continues as it was specified in the local plan, including any post-retirement increases paid to date. From the date of consolidation forward, the individual elects whether to continue adjustments under the provisions of the local plan or to have adjustments computed from that date forward under the system applicable to PERA-P&F. The retirees, deferred retirees, disabilitants, and survivors were given a period of time following the consolidation to make an election. If no election was made, the individual automatically retained all local plan benefits. The period of time for making this election presumably was a period of a few months. The statute authorizes PERA's board to set the length of the period following the consolidation, sufficient in length to provide adequate time to counsel the members.

- b. Consolidation Account List. As of the end of 1998, 45 local relief associations that had used the process in Minnesota Statutes, Chapter 353A, to consolidate with PERA-P&F. These various relief associations with completed consolidations were as follows:

Consolidated Police Relief Associations				Consolidated Fire Relief Associations		
Albert Lea	Columbia Heights	Mankato	St. Louis Park	Albert Lea	Hibbing	St. Louis Park
Anoka	Crookston	New Ulm	St. Paul	Austin	Mankato	St. Paul
Austin	Crystal	Red Wing	Virginia	Chisholm	Red Wing	South St. Paul
Bloomington	Duluth	Richfield	West St. Paul	Columbia Heights	Richfield	West St. Paul
Brainerd	Faribault	Rochester	Winona	Crookston	Rochester	Winona
Buhl	Fridley	South St. Paul		Duluth	South St. Paul	
Chisholm	Hibbing	St. Cloud		Faribault	St. Cloud	

- c. Use of Segregated Accounts. Under Minnesota Statutes, Chapter 353A, a consolidation account's assets and liabilities were kept separate from the PERA-P&F fund as a whole. A separate account was created by PERA for each local relief that consolidated, containing the assets of the prior relief association and charged with its liabilities. In addition to receiving the transferred relief association assets, the account was credited with all member contributions made by the account's active members following consolidation, ongoing regular municipal contributions, additional municipal contributions sufficient to amortize any unfunded liability in the account by December 31, 2010, and the account's investment earnings. All benefits payable to consolidation account disabilitants, survivors, and retirees were to be paid from the account, as well as administrative expenses.

However, in 1999 this changed when legislation was enacted to eliminate the existing consolidation accounts and formally merge account assets and liabilities into PERA-P&F.

2. 1999 Merger of Local Police and Paid Fire Consolidation Accounts into PERA-P&F.

- a. In General. Minnesota Statutes, Section 353.665 (enacted as Laws 1999, Ch. 222, Art. 3, Sec. 10) provided for a merger of the various local police or paid firefighter consolidation accounts into the Public Employees Police and Fire Retirement Plan (PERA-P&F). Additional provisions of Laws 1999, Chapter 222, Article 4, made conforming changes to the police state aid program, excess police state aid, and the PERA-P&F benefit plan.
- b. Consolidation Account Merger into PERA-P&F. All PERA-P&F consolidation accounts in existence as of March 1, 1999, were merged into the PERA-P&F fund on July 1, 1999. Municipalities were permitted to elect to be excluded from the merger by filing a resolution before June 15, 1999. If a municipality had more than one consolidation account, a resolution to decline merger applied to both accounts. Upon merger, consolidation account liabilities transferred to PERA-P&F and consolidation account assets (except for amounts to be distributed back to the municipality) transferred to PERA-P&F or the Minnesota Post-Retirement Investment Fund (Post Fund), as applicable. For accounts where additional municipal contributions were necessary to cover existing liabilities (accounts with a positive amortizable base) the amortizable base amount is added to PERA-P&F assets as a receivable. Active members of consolidation accounts were permitted to elect PERA-P&F coverage in an election before September 1, 1999. If no election was made, the individual retained the right to elect that coverage, in lieu of local plan benefit provisions, within 90 days of termination of service. Despite any prior municipal action to not extend previously enacted PERA-P&F benefit improvements to the municipality's consolidation account members, any active member electing PERA-P&F benefits received full PERA-P&F benefits as specified in the 1998 version of PERA-P&F law. Consolidation account service pensioners, disabilitants, and survivors who previously had chosen to retain local plan post-retirement adjustments were permitted to rescind that irrevocable election and to elect PERA-P&F post-retirement adjustments. Deferred consolidation account members were permitted to elect PERA-P&F post-retirement adjustments in an election before September 1, 1999. The joint actuary computed the final funded status of each consolidation account that merged into the PERA-P&F fund. If an account was more than fully funded, half of the assets reflecting amounts above full funding up to the June 30, 1999, PERA-P&F funding ratio and all assets reflecting amounts in excess of that PERA-P&F funding ratio were remitted to the municipality with interest, to be used by the municipality for fire- or police-related expenditures based on a municipal plan for the expenditure of these assets. If a municipality has more than one consolidation account and one is over-funded while the other has unfunded liabilities, 75% of the amounts that would otherwise be refunded to the municipality were credited to the consolidation account which has unfunded actuarial accrued liabilities. As of July 1, 1999, the employee and regular employer contribution rates for the merging consolidation accounts were the ratio applicable to PERA-P&F. If the account had unfunded liabilities at the time of merger, the amounts were required to be amortized on a level-dollar basis ending December 31, 2009, with annual payments due by December 31. Unless a consolidation account member revised their benefit election as provided in this section, any prior election remained in effect. Upon the transfer of liabilities and assets, the merging consolidation accounts were terminated.
- c. Conforming Changes Related to the Consolidation Account Merger in 1999. The conforming changes related to the merger of local police and paid fire consolidation accounts into PERA-P&F in 1999 were:
- 1) Revised Definition of Excess Police State Aid. The determination of excess police state aid was revised to conform with the voluntary merger of pre-March 1, 1999, consolidation accounts into PERA-P&F; and excess police aid for pre-July 1, 1999, consolidation accounts

was defined to be aid in excess of the employer additional contribution requirement, if applicable. (*Laws 1999, Ch. 222, Art. 4, Sec. 2*)

- 2) Revised Police State Aid Provision. The deposit of police state aid provision was revised to conform to the merger of consolidation accounts into PERA-P&F. (*Laws 1999, Ch. 222, Art. 4, Sec. 3*)
 - 3) Revised Definition of Excluded Employee. The PERA definition of excluded employee for plan membership purposes was revised to exclude only those consolidation account members who have not elected PERA-P&F coverage under the revised selection procedures. (*Laws 1999, Ch. 222, Art. 4, Sec. 4*)
 - 4) Revised Salary Definition, Conforming Changes. The PERA salary definition was revised to conform to the merger of accounts into PERA-P&F and to recognize the revised selection procedures. (*Laws 1999, Ch. 222, Art. 4, Sec. 5*)
 - 5) Allowable Service Definition, Conforming Changes. The PERA allowable service definition was revised to conform to the merger of accounts into PERA-P&F and to recognize the revised selection procedures. (*Laws 1999, Ch. 222, Art. 4, Sec. 6*)
 - 6) Membership Definition Revision. The PERA-P&F membership provision was revised to exclude individuals from the merged consolidation account who have not chosen PERA-P&F benefits. (*Laws 1999, Ch. 222, Art. 4, Sec. 7*)
 - 7) Revised Employee and Employer Contribution Rates. The PERA-P&F employee contribution rate was reduced from 7.6% of covered salary to 6.2% of covered salary, and the corresponding employer contribution rate was reduced from 11.4% of covered salary to 9.3% of covered salary. (*Laws 1999, Ch. 222, Art. 4, Sec. 8-9*)
 - 8) Negative Amortization of Excess Assets. Excess assets in PERA-P&F (assets in excess of 100% funding ratio) will be used to reduce the PERA-P&F contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of payroll over a rolling 30-year amortization period. (*Laws 1999, Ch. 222, Art. 4, Sec. 14*)
 - 9) Revised Additional Amortization Aid Allocation, Inclusion of SPTRFA and MTRFA in Allocation. The additional amortization aid provision was revised to specify that municipalities with a continuing amortization requirement due to their previous consolidation account will continue to be eligible for additional amortization aid, revised the specification of the plans that are eligible for aid, and specified the post-October 1, 2000, allocation among participants, with 64.5% to go to prior consolidation accounts with remaining liabilities, 34.2% directed to the Minneapolis relief associations, and 1.3% to the Virginia Fire Department Relief Association. If aid was released or unallocated because there were no unfunded liabilities in Minneapolis relief associations or Virginia Fire, any released aid was redirected to the Minneapolis Teachers Retirement Fund Association (MTRFA) (49%) and the St. Paul Teachers Retirement Fund Association (SPTRFA) (21%), and the remaining 30% of any released aid was allocated to the minimum fire state aid floor. To be eligible for this reallocation, the Minneapolis and St. Paul teacher funds must have five-year average investment returns, beginning on July 1, 2005, that equal or exceed the return on a 10% cash/60% bond/30% stock indexed portfolio. (*Laws 1999, Ch. 222, Art. 4, Sec. 15*)
 - 10) Clarification of Various Amortization Aid Eligibility; Aid Caps. Municipalities with prior consolidation accounts with unfunded liabilities remain eligible for additional amortization aid for the duration of the required additional contributions (December 31, 2009). The total of amortization, supplemental amortization aid, and additional amortization aid to municipalities with former consolidation accounts with remaining amounts to amortize was capped at an amount equal to their level-dollar amortization requirement to PERA-P&F. Any excess was redirected back to remaining eligible consolidation accounts and if any excess continues to exist, that excess was redirected to other eligible pension funds. (*Laws 1999, Ch. 222, Art. 4, Sec. 16-17*)
 - 11) Amortization Aid Termination. Amortization, supplemental amortization, and additional amortization state aid programs terminate when the MTRFA and the SPTRFA become fully funded. (*Laws 1999, Ch. 222, Art. 4, Sec. 18*)
- d. Disposition of Remaining Police or Paid Fire Relief Associations. As of the end of 1998, there were four police or paid fire relief associations that remained freestanding. They had not used the consolidation procedure in Minnesota Statutes, Chapter 353A. These associations were the

Fairmont Police Relief Association, the Minneapolis Firefighters Retirement Association, the Minneapolis Police Retirement Association, and the Virginia Fire Department Relief Association.

However, there are no longer any freestanding local police or paid fire relief associations. Each of these four relief associations has since consolidated with PERA-P&F.

- Minneapolis Fire and Police Merger. Rather than using the consolidation procedure in Chapter 353A, the two Minneapolis relief associations consolidated with PERA-P&F under terms and procedures specified by Laws 2011, First Special Session, Chapter 8, Articles 6 and 7. The Minneapolis relief association consolidation legislation included a benefit increase, a trade-off in exchange for no longer having a 13th check, and other excess asset distribution provisions in prior law specific to those two plans.
- Virginia Fire Consolidation. In 2011, the Virginia Fire Department Relief Association chose to use the procedure in Chapter 353A and consolidated with PERA.
- Fairmont Police and Virginia Fire Merger. In 2012 (Laws 2012, Ch. 286, Art. 11, Sec. 5, 9), in a process based on the 1999 legislation that had merged earlier consolidation accounts into PERA-P&F, the Virginia Fire Consolidation Account was formally merged into PERA-P&F. The Fairmont Police Relief Association merged into PERA-P&F under Laws 2012, Chapter 286, Article 11, Sections 4 and 8. The Fairmont Police Relief Association consolidation legislation was somewhat similar to the 2011 Minneapolis relief association consolidation legislation, including a benefit increase in exchange for losing a 13th check provision in its prior governing law.

At the time of consolidation, the Fairmont Police Relief Association and Virginia Fire Department Relief Association had no active members, and the Minneapolis fire and police relief associations had only a few dozen active members.

Comparison of Minnesota Statutes 2012, Section 423A.02, Subdivision 1b,
and Proposed Revision, Section 71

Minnesota Statutes 2012, Section 423A.02, Subd. 1b

CURRENT STATUTE

Para. (a) & (b) proportional allocation based on UAAL size as of 1993

Para. (c) 2000 and after:

64.5% to 1999 local consolidation account merger municipalities; after 2009:

20% of 64.5% (12.9%) to SPTRFA*

20% of 64.5% (12.9%) to Minneapolis

20% of 64.5% (12.9%) to Duluth

40% of 64.5% (12.9%) to minimum VFRA state aid

34.2% to Minneapolis; but if no UAAL (2031):

49% of 34.2% (16.758%) to TRA

21% of 34.2% (7.182%) to SPTRA

30% of 34.2% (10.26%) to minimum VFRA state aid

1.3% to Virginia; but if no UAAL:

49% of 1.3% (0.637) to TRA

21% of 1.3% (0.273) to SPTRA

30% of 1.3% (0.390) to minimum VFRA state aid

**if investment performance equals or exceeds investment performance of an indexed balance investment portfolio*

Minnesota Statutes, Section 423A.02, Subd. 1b

ALLOCATION REVISION

Para. (c)

Recipient	Original	Post-2009 Merged P&F	Virginia Fire	2013 Total	Post Minneapolis Full Funding	
Minneapolis	34.2	12.9	0	47.7	0	
Virginia	1.3	0	0	0	0	
Duluth	0	12.9	0	12.9	(12.9)	
St. Paul Teachers	0	12.9	0.273	13.173	+9.891	(23.064)
Min. Vol. Fire State Aid	0	25.8	0.39	26.19	+14.13	(40.32)
Local Consolid. Accts. Merged with PERA-P&F in 1999	64.5	0	0	0	0	
TRA	0	0	0.637	0.637	+23.079	(23.716)
Total:	100%			100%	100.0%	

1.1 moves to amend S.F. No. 489; H.F. No., as follows:

1.2 Page 25, delete section 30

1.3 Page 36, delete section 47

1.4 Page 70, after line 9, insert:

1.5 "(f) Minnesota Statutes 2012, sections 69.33; and 297I.10, subdivisions 1, 3, and 4,
1.6 are repealed."

1.7 Renumber the sections in sequence and correct the internal references

1.8 Amend the title accordingly

1.1 moves to amend S.F. No. 489; H.F. No., as follows:

1.2 Page 69, line 26, before "The" insert "(a) "

1.3 Page 69, after line 28, insert:

1.4 "(b) In Minnesota Statutes 2014 and subsequent editions, Minnesota Statutes,
1.5 section 69.771 to 69.776 must be recodified as Minnesota Statutes, sections 424A.091
1.6 to 424A.096, and all statutory cross-references revised."

- 1.1 moves to amend S.F. No. 489; H.F. No., as follows:
- 1.2 Page 18, strike lines 1 to 2
- 1.3 Page 18, lines 7 to 10, delete the new language and strike the old language
- 1.4 Page 18, line 11, delete "(e)" and insert "(c)" and strike "remaining" and strike the
- 1.5 second ","and insert " ."
- 1.6 Page 18, line 12, delete the new language and strike the old language
- 1.7 Page 62, delete section 71
- 1.8 Page 66, line 7, strike " and additional amortization aid"
- 1.9 Page 70, line 5, after "423A.01;" and insert "423A.02, subdivision 1b; "

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 489

(SENATE AUTHORS: PAPPAS and Rosen)

DATE	D-PG	OFFICIAL STATUS
02/14/2013		Introduction and first reading Referred to State and Local Government

1.1 A bill for an act
1.2 relating to retirement; former local police and paid fire relief associations;
1.3 revising and repealing various statutes to reflect the recent mergers of local
1.4 police and salaried firefighter relief associations and consolidation accounts
1.5 with the public employees police and fire retirement plan; amending Minnesota
1.6 Statutes 2012, sections 6.495, subdivisions 1, 3; 6.67; 13D.01, subdivision 1;
1.7 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9,
1.8 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2,
1.9 3, 4; 69.33; 69.77, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771,
1.10 subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381;
1.11 353.01, subdivisions 2a, 2b, 6, 10, 16; 353.64, subdivision 1a; 353.659; 353.665,
1.12 subdivisions 1, 5, 8; 353.71, subdivision 1; 356.20, subdivision 2; 356.215,
1.13 subdivision 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.406, subdivision
1.14 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2;
1.15 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4; 424A.02,
1.16 subdivision 9; 475.52, subdivision 6; repealing Minnesota Statutes 2012, sections
1.17 69.021, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6,
1.18 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03;
1.19 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083;
1.20 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06;
1.21 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14;
1.22 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10;
1.23 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171;
1.24 423A.18; 423A.19; 423A.20; 423A.21; 423A.22.

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

1.26 Section 1. Minnesota Statutes 2012, section 6.495, subdivision 1, is amended to read:

1.27 Subdivision 1. **Audit and examinations.** All powers and duties conferred and
1.28 imposed upon the state auditor with respect to state, county, and first-class city officers,
1.29 institutions, and property are hereby extended to the various fire ~~and police~~ relief
1.30 associations in the state. The state auditor shall annually audit the special and general
1.31 funds of the relief association or, at the request of the board of trustees or the municipality,
1.32 the state auditor may contract for an annual audit by a certified public accountant. The

2.1 state auditor may determine that an annual audit is not necessary, in which case the state
 2.2 auditor shall develop a plan for examination of unaudited relief associations, and shall
 2.3 prescribe suitable systems of accounts and budgeting, and forms, books, and instructions
 2.4 concerning the same.

2.5 Copies of the written report of the state auditor on the financial condition and
 2.6 accounts of the relief association ~~shall~~ must be filed with the board of trustees of the
 2.7 relief association and the governing body of the municipality associated with the relief
 2.8 association. If the report discloses malfeasance, misfeasance, or nonfeasance with regard
 2.9 to relief association funds, copies thereof ~~shall~~ must be filed with the city attorney or county
 2.10 attorney in the city or county in which the relief association is located, and these officials of
 2.11 the law shall institute proceedings, civil or criminal, as the law and public interest require.

2.12 Sec. 2. Minnesota Statutes 2012, section 6.495, subdivision 3, is amended to read:

2.13 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with
 2.14 the commissioner of revenue a financial compliance report certifying for each relief
 2.15 association:

2.16 (1) the completion of the annual financial report required ~~pursuant to~~ under section
 2.17 69.051 and the auditing or certification of those financial reports ~~pursuant to~~ under
 2.18 subdivision 1; and

2.19 (2) the receipt of any actuarial valuations required ~~pursuant to~~ under section ~~69.77~~
 2.20 ~~or 69.773~~ or sections 31 to 43.

2.21 Sec. 3. Minnesota Statutes 2012, section 6.67, is amended to read:

2.22 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

2.23 Whenever a public accountant in the course of auditing the books and affairs of a
 2.24 political subdivision or a local public pension plan governed by ~~section 69.77~~, sections
 2.25 69.771 to 69.775, or chapter 354A or 424A, or sections 31 to 43, discovers evidence
 2.26 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
 2.27 employee in the conduct of duties and affairs, the public accountant shall promptly make
 2.28 a report of such discovery to the state auditor and the county attorney of the county in
 2.29 which the governmental unit is situated and the public accountant shall also furnish a
 2.30 copy of the report of audit upon completion to said officers. The county attorney shall
 2.31 act on such report in the same manner as required by law for reports made to the county
 2.32 attorney by the state auditor.

2.33 Sec. 4. Minnesota Statutes 2012, section 13D.01, subdivision 1, is amended to read:

- 3.1 Subdivision 1. **In executive branch, local government.** All meetings, including
 3.2 executive sessions, must be open to the public
- 3.3 (a) of a state
- 3.4 (1) agency,
- 3.5 (2) board,
- 3.6 (3) commission, or
- 3.7 (4) department,
- 3.8 when required or permitted by law to transact public business in a meeting;
- 3.9 (b) of the governing body of a
- 3.10 (1) school district however organized,
- 3.11 (2) unorganized territory,
- 3.12 (3) county,
- 3.13 (4) statutory or home rule charter city,
- 3.14 (5) town, or
- 3.15 (6) other public body;
- 3.16 (c) of any
- 3.17 (1) committee,
- 3.18 (2) subcommittee,
- 3.19 (3) board,
- 3.20 (4) department, or
- 3.21 (5) commission,
- 3.22 of a public body; and
- 3.23 (d) of the governing body or a committee of:
- 3.24 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or
- 3.25 (2) a local public pension plan governed by ~~section 69.77~~, sections 69.771 to 69.775,
- 3.26 or chapter 354A, or sections 31 to 43.

3.27 Sec. 5. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

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

- 3.31 (a) "Commissioner" means the commissioner of revenue.
- 3.32 (b) "Municipality" means:
- 3.33 (1) a home rule charter or statutory city;
- 3.34 (2) an organized town;
- 3.35 (3) a park district subject to chapter 398;

4.1 (4) the University of Minnesota;

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

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

4.7 (7) for purposes of the police state aid program only, the Metropolitan Airports
4.8 Commission; and

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

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

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

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

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

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

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

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

- 5.1 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
- 5.2 (4) who is licensed by the Peace Officers Standards and Training Board and is
- 5.3 authorized to arrest with a warrant; and
- 5.4 (5) who is a member of the State Patrol retirement plan or the public employees
- 5.5 police and fire fund.
- 5.6 (h) "Full-time equivalent number of peace officers providing contract service" means
- 5.7 the integral or fractional number of peace officers which would be necessary to provide
- 5.8 the contract service if all peace officers providing service were employed on a full-time
- 5.9 basis as defined by the employing unit and the municipality receiving the contract service.
- 5.10 (i) "Retirement benefits other than a service pension" means any disbursement
- 5.11 authorized under section 424A.05, subdivision 3, clauses (3) and (4).
- 5.12 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:
- 5.13 (1) for the police state aid program ~~and police relief association financial reports:~~
- 5.14 (i) the person who was elected or appointed to the specified position or, in the
- 5.15 absence of the person, another person who is designated by the applicable governing body;
- 5.16 (ii) in a park district, the secretary of the board of park district commissioners;
- 5.17 (iii) in the case of the University of Minnesota, the official designated by the Board
- 5.18 of Regents;
- 5.19 (iv) for the Metropolitan Airports Commission, the person designated by the
- 5.20 commission;
- 5.21 (v) for the Department of Natural Resources or the Department of Public Safety, the
- 5.22 respective commissioner;
- 5.23 (vi) for a tribal police department which exercises state arrest powers under section
- 5.24 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American
- 5.25 Indian tribal government; and
- 5.26 (2) for the fire state aid program and fire relief association financial reports, the
- 5.27 person who was elected or appointed to the specified position, or, for governmental
- 5.28 entities other than counties, if the governing body of the governmental entity designates
- 5.29 the position to perform the function, the chief financial official of the governmental entity
- 5.30 or the chief administrative official of the governmental entity.
- 5.31 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
- 5.32 retirement plan established by chapter 353G.

5.33 Sec. 6. Minnesota Statutes 2012, section 69.011, subdivision 2, is amended to read:

5.34 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage

5.35 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in

6.1 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction
6.2 with the financial report required pursuant to section 69.051, the clerk of each municipality
6.3 having a duly organized fire department as provided in subdivision 4, or the secretary of
6.4 each independent nonprofit firefighting corporation having a subsidiary incorporated
6.5 firefighters' relief association, whichever is applicable, and the fire chief, shall jointly
6.6 certify the existence of the municipal fire department or of the independent nonprofit
6.7 firefighting corporation, whichever is applicable, which meets the minimum qualification
6.8 requirements set forth in this subdivision, and the fire personnel and equipment of the
6.9 municipal fire department or the independent nonprofit firefighting corporation as of the
6.10 preceding December 31.

6.11 (b) Where retirement coverage is provided by the voluntary statewide lump-sum
6.12 volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or
6.13 before March 15, annually, the executive director of the Public Employees Retirement
6.14 Association shall certify the existence of that coverage for each municipality and the
6.15 municipal clerk or independent nonprofit firefighting corporation secretary, whichever
6.16 applies, and the applicable fire chief shall certify the fire personnel and fire department
6.17 equipment as of the preceding December 31.

6.18 ~~(e) Certification must be made to the commissioner on a form prescribed by the~~
6.19 ~~commissioner and shall include any other facts the commissioner may require. The~~
6.20 ~~certification must be made to the commissioner in duplicate. Each copy of the certificate~~
6.21 ~~must be duly executed and is deemed to be an original. The commissioner shall forward~~
6.22 ~~one copy to the auditor of the county wherein the fire department is located and shall~~
6.23 ~~retain one copy.~~

6.24 ~~(d) On or before March 15 annually the clerk of each municipality having a duly~~
6.25 ~~organized police department and having a duly incorporated relief association shall certify~~
6.26 ~~that fact to the county auditor of the county where the police department is located and to~~
6.27 ~~the commissioner on a form prescribed by the commissioner together with the other facts~~
6.28 ~~the commissioner or auditor may require.~~

6.29 (e) (c) Except as provided in subdivision 2b, on or before March 15 annually, in
6.30 order to qualify to receive police state aid, the clerk of each municipality and the auditor of
6.31 each county employing one or more peace officers as defined in subdivision 1, clause (g),
6.32 shall certify the number of such peace officers to the commissioner on forms prescribed by
6.33 the commissioner. Credit for officers employed less than a full year must be apportioned.
6.34 Each full month of employment of a qualifying officer during the calendar year entitles the
6.35 employing municipality or county to credit for 1/12 of the payment for employment of a
6.36 peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment

7.1 of a peace officer commences when the peace officer is entered on the payroll of the
 7.2 respective municipal police department or county sheriff's department. No peace officer
 7.3 may be included in the certification of the number of peace officers by more than one
 7.4 ~~municipality or county~~ employing unit for the same month.

7.5 (d) A certification made under this subdivision must be filed with the commissioner,
 7.6 must be made on a form prescribed by the commissioner, and must include any other facts
 7.7 that the commissioner requires.

7.8 Sec. 7. Minnesota Statutes 2012, section 69.011, subdivision 3, is amended to read:

7.9 Subd. 3. **Failure to file certificate deemed waiver.** (a) If a certification required by
 7.10 this section is not filed with the commissioner by the due date prescribed by this section,
 7.11 the commissioner shall notify the county, the municipality, or the nonprofit firefighting
 7.12 corporation that a portion or all of its current year aid will be forfeited if the certification
 7.13 is not received within ten days.

7.14 (b) The amount of aid forfeited is equal to the amount of state police aid or state fire
 7.15 aid determined for the county, the municipality, or the nonprofit firefighting corporation
 7.16 for the current year, multiplied by five percent for each week or fraction of a week that
 7.17 this certification is late. The penalty ~~will~~ must be computed beginning ten days after the
 7.18 postmark date of the commissioner's notification as required under this subdivision. All
 7.19 forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the
 7.20 certificate form ~~cannot~~ may not be used as a defense for ~~not filing~~ a failure to file.

7.21 Sec. 8. Minnesota Statutes 2012, section 69.011, subdivision 4, is amended to read:

7.22 Subd. 4. **Qualification for fire state aid.** ~~Any~~ (a) A municipality in this state
 7.23 qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and
 7.24 if it meets the specific requirements of paragraph (c).

7.25 (b) Minimum qualifications for fire state aid include the following:

7.26 (1) having for more than one year an organized fire department and officially
 7.27 established by the governing body of the municipality or an independent nonprofit
 7.28 firefighting corporation created under the nonprofit corporation act of this state and
 7.29 operating exclusively for firefighting purposes and providing retirement and relief benefits
 7.30 to its members; and

7.31 (2) having a separate subsidiary incorporated firefighter's relief ~~and pension~~
 7.32 association providing retirement and relief benefits, or participating in the voluntary
 7.33 statewide lump-sum volunteer firefighter retirement plan, ~~may qualify to receive state aid~~

8.1 ~~if it meets the following~~ or, if a paid fire department, having retirement coverage by the
 8.2 public employees police and fire retirement plan.

8.3 (c) Minimum requirements for fire state aid also include the following or their
 8.4 equivalent as determined by the state fire marshal by July 1, 1972:

8.5 (a) (1) having ten paid or volunteer firefighters including a fire chief and assistant
 8.6 fire chief, and;

8.7 (b) (2) having regular scheduled meetings and frequent drills including instructions
 8.8 in firefighting tactics and in the use, care, and operation of all fire apparatus and
 8.9 equipment, and;

8.10 (c) (3) having a motorized fire truck equipped with a motorized pump, 250 gallon or
 8.11 larger water tank, 300 feet of one inch or larger fire hose in two lines with combination
 8.12 spray and straight stream nozzles, five-gallon hand pumps-tank extinguisher or equivalent,
 8.13 dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,
 8.14 axes, lanterns, fire coats, helmets, and boots, and;

8.15 (d) (4) having apparatus suitably housed in a building of good construction with
 8.16 facilities for care of hose and equipment, and;

8.17 (e) (5) having a reliable and adequate method of receiving fire alarms by telephone
 8.18 or with electric siren and suitable means of sounding an alarm, and;

8.19 (f) (6) if response is to be provided outside the corporate limits of the municipality
 8.20 wherein the fire department is located, the municipality has having another piece of
 8.21 motorized apparatus to make the response; and

8.22 (g) (7) meeting other requirements that the commissioner establishes by rule.

8.23 Sec. 9. Minnesota Statutes 2012, section 69.021, subdivision 1, is amended to read:

8.24 Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to**
 8.25 **Police Premium Report.** The commissioner shall, at the time of mailing tax forms,
 8.26 send blank copies of the Minnesota Firetown Premium Report and when applicable the
 8.27 Minnesota Aid to Police Premium Report to each insurer, including township and farmers
 8.28 mutual insurance companies licensed to write insurance as described in section 69.011,
 8.29 subdivision 1, clauses (c) and (f) in this state. These reports ~~shall~~ must contain space
 8.30 for the insurers name, address, gross premiums less return premiums, dividends, net
 8.31 premiums, certification and other facts that the commissioner may require.

8.32 Sec. 10. Minnesota Statutes 2012, section 69.021, subdivision 2, is amended to read:

9.1 Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers
 9.2 mutual insurers where applicable, shall return to the commissioner the reports described in
 9.3 subdivision 1 certified by its secretary and president or chief financial officer.

9.4 (b) The Minnesota Firetown Premium Report ~~shall~~ must contain a true and accurate
 9.5 statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and
 9.6 extended coverage insurance of all domestic mutual insurers and the total premiums for
 9.7 all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all
 9.8 other insurers, less return premiums and dividends received by them on that business
 9.9 written or done during the preceding calendar year upon property located within the state
 9.10 or brought into the state for temporary use. The fire and extended coverage portion of
 9.11 multiperil and multiple peril package premiums and all other combination premiums ~~shall~~
 9.12 must be determined by applying percentages determined by the commissioner or by rating
 9.13 bureaus recognized by the commissioner.

9.14 (c) The Minnesota Aid to Police Premium Report ~~shall~~ must contain a true and
 9.15 accurate statement of the total premiums, less return premiums and dividends, on all direct
 9.16 business received by such insurer in this state, or by its agents for it, in cash or otherwise,
 9.17 during the preceding calendar year, with reference to insurance written for perils described
 9.18 in section 69.011, subdivision 1, clause (f).

9.19 Sec. 11. Minnesota Statutes 2012, section 69.021, subdivision 3, is amended to read:

9.20 Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of**
 9.21 **report.** (a) When it appears to the commissioner that any insurer has made an incomplete or
 9.22 inaccurate report, the commissioner shall return the report and demand that a complete and
 9.23 accurate report be filed. If the insurer fails to file a report on or before March 1, annually,
 9.24 the insurer ~~shall be~~ is liable and shall pay \$25 for each seven days ~~delinquent,~~ or fraction
 9.25 thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a
 9.26 corrected report within 30 days after demand, the insurer is liable for the penalties provided
 9.27 in ~~this subdivision~~ paragraph (b) or (c) for knowingly filing an inaccurate or false report.

9.28 (b) Any insurer ~~who~~ which knowingly makes and files an inaccurate or false report
 9.29 ~~shall be~~ is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as
 9.30 determined by the commissioner, and additionally the commissioner of commerce may
 9.31 revoke the insurer's certificate of authority.

9.32 (c) Any person whose duty it is to make the report who fails or refuses to make it
 9.33 within 30 days after notification by the commissioner shall be fined an amount of not
 9.34 more than \$1,000.

10.1 (d) Failure of the insurer to receive a reporting form shall does not excuse the insurer
10.2 from filing the report.

10.3 Sec. 12. Minnesota Statutes 2012, section 69.021, subdivision 4, is amended to read:

10.4 Subd. 4. **Determination of qualified state aid recipients; certification to**
10.5 **commissioner of management and budget.** (a) The commissioner shall determine
10.6 which municipalities and independent nonprofit firefighting corporations are qualified to
10.7 receive fire state aid directly or are qualified to receive the benefit of fire state aid paid
10.8 to the voluntary statewide lump-sum volunteer firefighter retirement plan and which
10.9 municipalities and counties are qualified to receive police state aid.

10.10 (b) The commissioner shall determine qualification for state aid upon receipt of:

10.11 (1) the fire department personnel and equipment certification or the police department
10.12 and qualified peace officers certificate, whichever applies, required under section 69.011;

10.13 (2) the financial compliance report required under section 6.495, subdivision 3, if
10.14 applicable; and

10.15 (3) any other relevant information which comes to the attention of the commissioner.

10.16 (c) Upon completion of the determination, on or before October 1, the commissioner
10.17 shall calculate the amount of:

10.18 (1) the police state aid which each county or municipality is to receive under
10.19 subdivisions 5, 6, 7a, and 10; and

10.20 (2) the fire state aid which each municipality or nonprofit firefighting corporation
10.21 is to receive under subdivisions 5 and 7.

10.22 (d) The commissioner shall certify to the commissioner of management and budget
10.23 the name of each county or municipality, and the amount of state aid which each county or
10.24 municipality is to receive, in the case of police state aid. The commissioner shall certify to
10.25 the commissioner of management and budget the name of each municipality or independent
10.26 nonprofit firefighting corporation and the amount of state aid which each municipality
10.27 or independent nonprofit firefighting corporation is to receive directly or the amount of
10.28 state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is
10.29 qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

10.30 Sec. 13. Minnesota Statutes 2012, section 69.021, subdivision 5, is amended to read:

10.31 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for
10.32 apportionment, before the addition of the minimum fire state aid allocation amount under
10.33 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state
10.34 upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to

11.1 the commissioner by insurers on the Minnesota Firetown Premium Report. This amount
 11.2 must be reduced by the amount required to pay the state auditor's costs and expenses of
 11.3 the audits or exams of the firefighters relief associations.

11.4 The total amount for apportionment in respect to fire state aid must not be less than
 11.5 two percent of the premiums reported to the commissioner by insurers on the Minnesota
 11.6 Firetown Premium Report after subtracting the following amounts:

11.7 (1) the amount required to pay the state auditor's costs and expenses of the audits or
 11.8 exams of the firefighters relief associations; and

11.9 (2) one percent of the premiums reported by town and farmers' mutual insurance
 11.10 companies and mutual property and casualty companies with total assets of \$5,000,000 or
 11.11 less.

11.12 (b) The total amount for apportionment as police state aid is equal to 104 percent
 11.13 of the amount of premium taxes paid to the state on the premiums reported to the
 11.14 commissioner by insurers on the Minnesota Aid to Police Premium Report, ~~reduced by~~
 11.15 ~~the amount required to pay the costs and expenses of the state auditor for audits or exams~~
 11.16 ~~of police relief associations.~~ The total amount for apportionment in respect to the police
 11.17 state aid program must not be less than two percent of the amount of premiums reported
 11.18 to the commissioner by insurers on the Minnesota Aid to Police Premium Report after
 11.19 ~~subtracting the amount required to pay the state auditor's cost and expenses of the audits~~
 11.20 ~~or exams of the police relief associations.~~

11.21 (c) The commissioner shall calculate the percentage of increase or decrease reflected
 11.22 in the apportionment over or under the previous year's available state aid using the same
 11.23 premiums as a basis for comparison.

11.24 (d) In addition to the amount for apportionment of police state aid under paragraph
 11.25 (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to
 11.26 pay this increase is annually appropriated from the general fund.

11.27 Sec. 14. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

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

11.29 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
 11.30 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
 11.31 and/or firefighters relief association qualified under section 69.011, subdivision 4.

11.32 (b) The commissioner shall calculate an initial fire state aid allocation amount for each
 11.33 municipality or fire department under paragraph (c) and, if applicable, a minimum fire state
 11.34 aid allocation amount for each municipality or fire department under paragraph (d). The
 11.35 municipality or fire department must receive be apportioned the larger fire state aid amount.

12.1 (c) The initial fire state aid allocation amount is the amount available for
12.2 apportionment as fire state aid under subdivision 5, without the inclusion of any additional
12.3 funding amount to support a minimum fire state aid amount under section 423A.02,
12.4 subdivision 3, allocated one-half in proportion to the population as shown in the last
12.5 official statewide federal census for each fire town and one-half in proportion to the market
12.6 value of each fire town, including (1) the market value of tax-exempt property and (2) the
12.7 market value of natural resources lands receiving in lieu payments under sections 477A.11
12.8 to 477A.14, but excluding the market value of minerals. In the case of incorporated or
12.9 municipal fire departments furnishing fire protection to other cities, towns, or townships
12.10 as evidenced by valid fire service contracts filed with the commissioner, the distribution
12.11 must be adjusted proportionately to take into consideration the crossover fire protection
12.12 service. Necessary adjustments must be made to subsequent apportionments. In the case
12.13 of municipalities or independent fire departments qualifying for the aid, the commissioner
12.14 shall calculate the state aid for the municipality or relief association on the basis of the
12.15 population and the market value of the area furnished fire protection service by the fire
12.16 department as evidenced by duly executed and valid fire service agreements filed with the
12.17 commissioner. If one or more fire departments are furnishing contracted fire service to a
12.18 city, town, or township, only the population and market value of the area served by each
12.19 fire department may be considered in calculating the state aid and the fire departments
12.20 furnishing service shall enter into an agreement apportioning among themselves the
12.21 percent of the population and the percent of the market value of each shared service area.
12.22 The agreement must be in writing and must be filed with the commissioner.

12.23 (d) The minimum fire state aid allocation amount is the amount in addition to the
12.24 initial fire state allocation amount that is derived from any additional funding amount
12.25 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
12.26 allocated to municipalities with volunteer firefighters relief associations or covered by the
12.27 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
12.28 of active volunteer firefighters who are members of the relief association as reported
12.29 in the annual financial reporting for the calendar year 1993 to the Office of the State
12.30 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
12.31 fire departments with volunteer firefighters relief associations receive in total at least a
12.32 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
12.33 30 firefighters. If a relief association is established after calendar year 1993 and before
12.34 calendar year 2000, the number of active volunteer firefighters who are members of the
12.35 relief association as reported in the annual financial reporting for calendar year 1998
12.36 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,

13.1 shall be used in this determination. If a relief association is established after calendar
 13.2 year 1999, the number of active volunteer firefighters who are members of the relief
 13.3 association as reported in the first annual financial reporting submitted to the Office of
 13.4 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
 13.5 determination. If a relief association is terminated as a result of providing retirement
 13.6 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
 13.7 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
 13.8 of the municipality covered by the statewide plan as certified by the executive director of
 13.9 the Public Employees Retirement Association to the commissioner and the state auditor,
 13.10 but not to exceed 30 active firefighters, must be used in this determination.

13.11 (e) Unless the firefighters of the applicable fire department are members of the
 13.12 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
 13.13 be paid to the treasurer of the municipality where the fire department is located and the
 13.14 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
 13.15 the aid to the relief association if the relief association has filed a financial report with the
 13.16 treasurer of the municipality and has met all other statutory provisions pertaining to the
 13.17 aid apportionment. If the firefighters of the applicable fire department are members of
 13.18 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
 13.19 must be paid to the executive director of the Public Employees Retirement Association
 13.20 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

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

13.23 (g) Any adjustments needed to correct prior misallocations must be made to
 13.24 subsequent fire state aid apportionments.

13.25 Sec. 15. Minnesota Statutes 2012, section 69.021, subdivision 7a, is amended to read:

13.26 Subd. 7a. **Apportionment of police state aid.** (a) Subject to the reduction provided
 13.27 for under subdivision 10, the commissioner shall apportion the police state aid to each
 13.28 municipality ~~and, to the~~ each county, to the Department of Natural Resources, and to the
 13.29 Department of Public Safety in the following manner:

13.30 (1) for all municipalities maintaining police departments, counties, the Department
 13.31 of Natural Resources, and the Department of Public Safety, the police state aid must be
 13.32 distributed in proportion to the relationship that the total number of peace officers, as
 13.33 determined under section 69.011, subdivision 1, ~~clause paragraph~~ (g), and subdivision
 13.34 2, ~~clause paragraph~~ (b), employed by that employing unit for 12 calendar months and
 13.35 the proportional or fractional number who were employed less than 12 months bears

14.1 to the total number of peace officers employed by all municipalities ~~and~~ counties, the
 14.2 Department of Natural Resources, and the Department of Public Safety, subject to any
 14.3 reduction under subdivision 10;

14.4 (2) for each municipality which contracts with the county for police service, a
 14.5 proportionate amount of the state aid distributed to the county based on the full-time
 14.6 equivalent number of peace officers providing contract service to that municipality must
 14.7 be credited against the municipality's contract obligation; and

14.8 (3) for each municipality which contracts with another municipality for police
 14.9 service, a proportionate amount of the state aid distributed to the municipality providing
 14.10 contract service based on the full-time equivalent number of peace officers providing
 14.11 contract service to that municipality on a full-time equivalent basis must be credited
 14.12 against the contract obligation of the municipality receiving contract service.

14.13 (b) Any necessary additional adjustments must be made to subsequent police state
 14.14 aid apportionments.

14.15 Sec. 16. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

14.16 Subd. 8. **Population and market value.** (a) In computations relating to fire state aid
 14.17 requiring the use of population figures, only official statewide federal census figures ~~are~~
 14.18 ~~to~~ may be used. Increases or decreases in population disclosed by reason of any special
 14.19 census must not be taken into consideration.

14.20 (b) In calculations relating to fire state aid requiring the use of market value property
 14.21 figures, only the latest available market value property figures may be used.

14.22 Sec. 17. Minnesota Statutes 2012, section 69.021, subdivision 9, is amended to read:

14.23 Subd. 9. **Appeal.** (a) In the event that a municipality, a county, a fire relief
 14.24 association, a police relief association, the Department of Natural Resources, the
 14.25 Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter
 14.26 retirement plan, feels itself to be aggrieved, it may request the commissioner to review
 14.27 and adjust the apportionment of funds within the county in the case of police state aid, or
 14.28 within the state in the case of fire state aid.

14.29 (b) The decision of the commissioner is subject to appeal, review, and adjustment
 14.30 by the district court in the county in which the applicable municipality, fire department,
 14.31 or police department is located or by the Ramsey County District Court with respect to
 14.32 the Department of Natural Resources, the Department of Public Safety, or the voluntary
 14.33 statewide lump-sum volunteer firefighter retirement plan.

15.1 Sec. 18. Minnesota Statutes 2012, section 69.021, subdivision 10, is amended to read:

15.2 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
15.3 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
15.4 (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

15.5 (b) "Excess police state aid" is:

15.6 (1) for counties and for municipalities in which police retirement coverage is
15.7 provided wholly by the public employees police and fire fund and all police officers are
15.8 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the
15.9 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
15.10 the executive director of the Public Employees Retirement Association;

15.11 ~~(2) for municipalities in which police retirement coverage is provided in part by the~~
15.12 ~~public employees police and fire fund governed by sections 353.63 to 353.657 and in~~
15.13 ~~part by a local police consolidation account governed by chapter 353A, and established~~
15.14 ~~before March 2, 1999, for which the municipality declined merger under section 353.665,~~
15.15 ~~subdivision 1, or established after March 1, 1999, the amount in excess of the employer's~~
15.16 ~~total prior calendar year obligation as defined in paragraph (c), plus the amount of the~~
15.17 ~~employer's total prior calendar year obligation under section 353A.09, subdivision 5,~~
15.18 ~~paragraphs (a) and (b), as certified by the executive director of the Public Employees~~
15.19 ~~Retirement Association;~~

15.20 ~~(3) for municipalities in which police retirement coverage is provided by the public~~
15.21 ~~employees police and fire plan governed by sections 353.63 to 353.657, in which police~~
15.22 ~~retirement coverage was provided by a police consolidation account under chapter~~
15.23 ~~353A before July 1, 1999, and for which the municipality has an additional municipal~~
15.24 ~~contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of~~
15.25 ~~the employer's total prior calendar year obligation as defined in paragraph (c), plus the~~
15.26 ~~amount of any additional municipal contribution under section 353.665, subdivision 8,~~
15.27 ~~paragraph (b), until the year 2010, as certified by the executive director of the Public~~
15.28 ~~Employees Retirement Association;~~

15.29 ~~(4) (2) for municipalities in which police retirement coverage is provided in part by~~
15.30 ~~the public employees police and fire fund governed by sections 353.63 to 353.657 and in~~
15.31 ~~part by a local police relief association governed by sections 69.77 and 423A.01 the cities~~
15.32 ~~of Fairmont and Minneapolis, the amount in excess of the employer's total prior calendar~~
15.33 ~~year obligation as defined in paragraph (c), as certified by the executive director of the~~
15.34 ~~public employees retirement association, plus the amount of the financial requirements of~~
15.35 ~~the relief association certified to the applicable municipality during the prior calendar year~~
15.36 ~~under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions~~

16.1 ~~deducted from the covered salary of the relief association during the prior calendar year~~
 16.2 ~~under section 69.77, subdivision 3, as certified by the chief administrative officer of the~~
 16.3 ~~applicable municipality~~ any additional municipal contribution under section 353.668,
 16.4 subdivision 6, or 353.669, subdivision 6;

16.5 ~~(5)~~ (3) for the Metropolitan Airports Commission, the amount in excess of the
 16.6 commission's total prior calendar year obligation as defined in paragraph (c), as certified
 16.7 by the executive director of the Public Employees Retirement Association; and

16.8 ~~(6)~~ (4) for the Department of Natural Resources and for the Department of Public
 16.9 Safety, the amount in excess of the employer's total prior calendar year obligation under
 16.10 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 16.11 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 16.12 State Retirement System.

16.13 (c) The employer's total prior calendar year obligation with respect to the public
 16.14 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar
 16.15 year obligation under section 353.65, subdivision 3, for police officers as defined in
 16.16 section 353.64, subdivision 2, and the actual total prior calendar year obligation under
 16.17 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision
 16.18 3, but not to exceed for those firefighters the applicable following amounts employer
 16.19 calendar year amount:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64

17.1	Golden Valley	11,744.61
17.2	Hastings	16,561.00
17.3	Hopkins	4,324.23
17.4	International Falls	14,400.69
17.5	Lakeville	782.35
17.6	Lino Lakes	5,324.00
17.7	Little Falls	7,889.41
17.8	Maple Grove	6,707.54
17.9	Maplewood	8,476.69
17.10	Minnetonka	10,403.00
17.11	Montevideo	1,307.66
17.12	Moorhead	68,069.26
17.13	New Hope	6,739.72
17.14	North St. Paul	4,241.14
17.15	Northfield	770.63
17.16	Owatonna	37,292.67
17.17	Plymouth	6,754.71
17.18	Red Wing	3,504.01
17.19	Richfield	53,757.96
17.20	Rosemount	1,712.55
17.21	Roseville	9,854.51
17.22	St. Anthony	33,055.00
17.23	St. Louis Park	53,643.11
17.24	Thief River Falls	28,365.04
17.25	Virginia	31,164.46
17.26	Waseca	11,135.17
17.27	West St. Paul	15,707.20
17.28	White Bear Lake	6,521.04
17.29	Woodbury	3,613.00
17.30	any other municipality	0.00

17.31 (d) The total amount of excess police state aid must be deposited in the excess
 17.32 police state-aid account in the general fund, administered and distributed as provided
 17.33 in subdivision 11.

17.34 Sec. 19. Minnesota Statutes 2012, section 69.021, subdivision 11, is amended to read:

17.35 Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid
 17.36 holding account is established in the general fund. The excess police state-aid holding
 17.37 account must be administered by the commissioner.

17.38 (b) Excess police state aid determined according to subdivision 10, must be
 17.39 deposited annually in the excess police state-aid holding account.

18.1 (c) From the balance in the excess police state-aid holding account, \$900,000 must
18.2 be canceled annually to the general fund.

18.3 ~~(d) If a police officer stress reduction program is created by law and money is~~
18.4 ~~appropriated for that program, an amount equal to that appropriation must be transferred~~
18.5 ~~to the administrator of that program from the balance in the excess police state-aid holding~~
18.6 ~~account.~~

18.7 (e) ~~(d)~~ On October 1 of each year, one-half of the balance of the excess police
18.8 state-aid holding account remaining after the ~~deductions~~ deduction under ~~paragraphs~~
18.9 paragraph (c) and (d) is appropriated for additional amortization aid under section
18.10 423A.02, subdivision 1b.

18.11 ~~(f)~~ (e) Annually, the remaining balance in the excess police state-aid holding account,
18.12 after the deductions under paragraphs (c); (d), ~~and (e)~~, cancels to the general fund.

18.13 Sec. 20. Minnesota Statutes 2012, section 69.031, subdivision 1, is amended to read:

18.14 Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management
18.15 and budget shall issue to the Public Employees Retirement Association on behalf of
18.16 a municipality or independent nonprofit firefighting corporation that is a member of the
18.17 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G,
18.18 to the Department of Natural Resources, to the Department of Public Safety, or to the
18.19 county, municipality, or independent nonprofit firefighting corporation certified to the
18.20 commissioner of management and budget by the commissioner a warrant for an amount
18.21 equal to the amount of fire state aid or police state aid, whichever applies, certified for the
18.22 applicable state aid recipient by the commissioner under section 69.021.

18.23 (b) Fire state aid and police state aid is payable on October 1 annually. The amount
18.24 of state aid due and not paid by October 1 accrues interest payable to the state aid recipient
18.25 at the rate of one percent for each month or part of a month that the amount remains
18.26 unpaid after October 1.

18.27 Sec. 21. Minnesota Statutes 2012, section 69.031, subdivision 3, is amended to read:

18.28 Subd. 3. **Appropriations.** There is hereby appropriated annually from the state
18.29 general fund to the commissioner of revenue ~~an amount~~ amounts sufficient to make the
18.30 police state aid payments and the fire state aid payments specified in this section and
18.31 section 69.021.

18.32 Sec. 22. Minnesota Statutes 2012, section 69.031, subdivision 5, is amended to read:

19.1 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
 19.2 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
 19.3 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
 19.4 state aid against future municipal contribution requirements under section 353G.08 and
 19.5 shall notify the municipality or independent nonprofit firefighting corporation of the fire
 19.6 state aid so credited at least annually. If the municipality or the independent nonprofit
 19.7 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 19.8 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
 19.9 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
 19.10 association if there is one organized and the association has filed a financial report with the
 19.11 municipality. If the relief association has not filed a financial report with the municipality,
 19.12 the municipal treasurer shall delay transmission of the fire state aid to the relief association
 19.13 until the complete financial report is filed. If the municipality or independent nonprofit
 19.14 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 19.15 firefighter retirement plan, if there is no relief association organized, or if the association
 19.16 has dissolved or has been removed as trustees of state aid, then the treasurer of the
 19.17 municipality shall deposit the money in the municipal treasury and the money may be
 19.18 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
 19.19 payment of the employer contribution requirement with respect to firefighters covered by
 19.20 the public employees police and fire retirement plan under section 353.65, subdivision 3.

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

19.23 ~~(1) For a municipality in which a local police relief association exists and all peace~~
 19.24 ~~officers are members of the association, the total state aid must be transmitted to the~~
 19.25 ~~treasurer of the relief association within 30 days of the date of receipt, and the treasurer~~
 19.26 ~~of the relief association shall immediately deposit the total state aid in the special fund~~
 19.27 ~~of the relief association;~~

19.28 ~~(2) (b) For a municipality in which police retirement coverage is provided by the~~
 19.29 ~~public employees police and fire fund and all peace officers are members of the fund,~~
 19.30 ~~including municipalities covered by section 353.665, the total state aid must be applied~~
 19.31 ~~toward the municipality's employer contribution to the public employees police and~~
 19.32 ~~fire fund under sections 353.65, subdivision 3, and ~~353.665~~ 353.668, subdivision ~~8~~ 6,~~
 19.33 ~~paragraph (b) or 353.669, subdivision 6, if applicable; or.~~

19.34 ~~(3) For a municipality other than a city of the first class with a population of more~~
 19.35 ~~than 300,000 in which both a police relief association exists and police retirement~~
 19.36 ~~coverage is provided in part by the public employees police and fire fund, the municipality~~

20.1 ~~may elect at its option to transmit the total state aid to the treasurer of the relief association~~
20.2 ~~as provided in clause (1), to use the total state aid to apply toward the municipality's~~
20.3 ~~employer contribution to the public employees police and fire fund subject to all the~~
20.4 ~~provisions set forth in clause (2), or to allot the total state aid proportionately to be~~
20.5 ~~transmitted to the police relief association as provided in this subdivision and to apply~~
20.6 ~~toward the municipality's employer contribution to the public employees police and fire~~
20.7 ~~fund subject to the provisions of clause (2) on the basis of the respective number of active~~
20.8 ~~full-time peace officers, as defined in section 69.011, subdivision 1, clause (g):~~

20.9 For a city of the first class with a population of more than 300,000, in addition, the
20.10 city may elect to allot the appropriate portion of the total police state aid to apply toward
20.11 the employer contribution of the city to the public employees police and fire fund based
20.12 on the covered salary of police officers covered by the fund each payroll period and to
20.13 transmit the balance to the police relief association; or

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

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

20.24 (d) The designated Metropolitan Airports Commission official, upon receipt of the
20.25 police state aid for the Metropolitan Airports Commission, shall apply the total police
20.26 state aid toward the commission's employer contribution for police officers to the public
20.27 employees police and fire plan under section 353.65, subdivision 3.

20.28 (e) The police state aid apportioned to the Departments of Public Safety and Natural
20.29 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
20.30 management and budget for transfer to the funds and accounts from which the salaries of
20.31 peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner
20.32 of revenue shall certify to the commissioners of public safety, natural resources, and
20.33 management and budget the amounts to be transferred from the appropriation for police
20.34 state aid. The commissioners of public safety and natural resources shall certify to the
20.35 commissioner of management and budget the amounts to be credited to each of the funds
20.36 and accounts from which the peace officers employed by their respective departments are

21.1 paid. Each commissioner shall allocate the police state aid first for employer contributions
 21.2 for employees funded from the general fund and then for employer contributions for
 21.3 employees funded from other funds. For peace officers whose salaries are paid from the
 21.4 general fund, the amounts transferred from the appropriation for police state aid must
 21.5 be canceled to the general fund.

21.6 Sec. 23. Minnesota Statutes 2012, section 69.041, is amended to read:

21.7 **69.041 SHORTFALL FROM GENERAL FUND.**

21.8 (a) If the annual funding requirements of fire or police relief associations or
 21.9 consolidation accounts under sections ~~69.77~~, 69.771 to 69.775, or 353A.09, or sections
 21.10 31 to 43, exceed all applicable revenue sources of a given year, including the insurance
 21.11 premium taxes funding the applicable fire or police state aid as set under section 297I.05,
 21.12 subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid
 21.13 from the general fund to the extent appropriated by the legislature.

21.14 (b) Nothing in this section may be deemed to relieve any municipality from its
 21.15 obligation to a relief association or consolidation account under law.

21.16 Sec. 24. Minnesota Statutes 2012, section 69.051, subdivision 1, is amended to read:

21.17 Subdivision 1. **Financial report and audit.** (a) The board of ~~each salaried~~
 21.18 ~~firefighters~~ the Bloomington Fire Department Relief Association, ~~police relief association,~~
 21.19 and each volunteer firefighters relief association as defined in section 424A.001,
 21.20 subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior
 21.21 year or in any previous year, according to the applicable actuarial valuation or according
 21.22 to the financial report if no valuation is required, shall prepare a financial report covering
 21.23 the special and general funds of the relief association for the preceding fiscal year, file the
 21.24 financial report, and submit financial statements.

21.25 (b) The financial report must contain financial statements and disclosures which
 21.26 present the true financial condition of the relief association and the results of relief
 21.27 association operations in conformity with generally accepted accounting principles and in
 21.28 compliance with the regulatory, financing and funding provisions of this chapter and any
 21.29 other applicable laws. The financial report must be countersigned by:

21.30 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
 21.31 association is located if the relief association is a firefighters relief association which is
 21.32 directly associated with a municipal fire department ~~or is a police relief association~~; or

21.33 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
 21.34 which contracts with the independent nonprofit firefighting corporation if the volunteer

22.1 firefighter relief association is a subsidiary of an independent nonprofit firefighting
 22.2 corporation and by the secretary of the independent nonprofit firefighting corporation; or
 22.3 (3) by the chief financial official of the county in which the volunteer firefighter
 22.4 relief association is located or primarily located if the relief association is associated with
 22.5 a fire department that is not located in or associated with an organized municipality.

22.6 (c) The financial report must be retained in its office for public inspection and must
 22.7 be filed with the governing body of the government subdivision in which the associated
 22.8 fire department is located after the close of the fiscal year. One copy of the financial report
 22.9 must be furnished to the state auditor after the close of the fiscal year.

22.10 (d) Audited financial statements must be attested to by a certified public accountant
 22.11 or by the state auditor and must be filed with the state auditor within 180 days after the
 22.12 close of the fiscal year. The state auditor may accept this report in lieu of the report
 22.13 required in paragraph (c).

22.14 Sec. 25. Minnesota Statutes 2012, section 69.051, subdivision 1a, is amended to read:

22.15 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 22.16 association, as defined in section 424A.001, subdivision 4, that is not required to file a
 22.17 financial report and audit under subdivision 1 must prepare a detailed statement of the
 22.18 financial affairs for the preceding fiscal year of the relief association's special and general
 22.19 funds in the style and form prescribed by the state auditor. The detailed statement must
 22.20 show:

- 22.21 (1) the sources and amounts of all money received;
- 22.22 (2) all disbursements, accounts payable and accounts receivable;
- 22.23 (3) the amount of money remaining in the treasury;
- 22.24 (4) total assets, including a listing of all investments;
- 22.25 (5) the accrued liabilities; and
- 22.26 (6) all other items necessary to show accurately the revenues and expenditures and
 22.27 financial position of the relief association.

22.28 (b) The detailed financial statement required under paragraph (a) must be certified
 22.29 by an independent public accountant or auditor or by the auditor or accountant who
 22.30 regularly examines or audits the financial transactions of the municipality. In addition to
 22.31 certifying the financial condition of the special and general funds of the relief association,
 22.32 the accountant or auditor conducting the examination shall give an opinion as to the
 22.33 condition of the special and general funds of the relief association, and shall comment
 22.34 upon any exceptions to the report. The independent accountant or auditor must have at

23.1 least five years of public accounting, auditing, or similar experience, and must not be an
 23.2 active, inactive, or retired member of the relief association or the fire or police department.

23.3 (c) The detailed statement required under paragraph (a) must be countersigned by:

23.4 (1) the municipal clerk or clerk-treasurer of the municipality; or

23.5 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest
 23.6 municipality in population which contracts with the independent nonprofit firefighting
 23.7 corporation if the relief association is a subsidiary of an independent nonprofit firefighting
 23.8 corporation and by the secretary of the independent nonprofit firefighting corporation; or

23.9 (3) by the chief financial official of the county in which the volunteer firefighter
 23.10 relief association is located or primarily located if the relief association is associated with
 23.11 a fire department that is not located in or associated with an organized municipality.

23.12 (d) The volunteer firefighters' relief association board must file the detailed statement
 23.13 required under paragraph (a) in the relief association office for public inspection and
 23.14 present it to the ~~city council~~ governing body of the municipality within 45 days after the
 23.15 close of the fiscal year, and must submit a copy of the detailed statement to the state
 23.16 auditor within 90 days of the close of the fiscal year.

23.17 Sec. 26. Minnesota Statutes 2012, section 69.051, subdivision 1b, is amended to read:

23.18 Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief
 23.19 association of hardship or an inability to conform, extend the deadline for reports under
 23.20 subdivisions 1 or 1a, but not beyond November 30th following the due date. If the
 23.21 reports are not received by November 30th, the municipality or relief association ~~will~~
 23.22 ~~forfeit~~ forfeits its current year state aid, and, until the state auditor receives the required
 23.23 information, the relief association or municipality ~~will be~~ is ineligible to receive any
 23.24 future state aid. A municipality or ~~police or firefighters'~~ relief association ~~shall~~ does not
 23.25 qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under
 23.26 this chapter if the financial reporting requirement or the applicable requirements of this
 23.27 chapter or any other statute or special law have not been complied with or are not fulfilled.

23.28 Sec. 27. Minnesota Statutes 2012, section 69.051, subdivision 2, is amended to read:

23.29 Subd. 2. **Treasurers bond.** ~~No~~ (a) The treasurer of a the Bloomington Fire
 23.30 Department Relief Association governed by section 69.77 shall may not enter upon duties
 23.31 without having given the association a bond in a reasonable amount acceptable to the
 23.32 municipality for the faithful discharge of duties according to law.

23.33 (b) No treasurer of a relief association governed by sections 69.771 to 69.776 ~~shall~~
 23.34 may enter upon the duties of the office until the treasurer has given the association a good

24.1 and sufficient bond in an amount equal to at least ten percent of the assets of the relief
 24.2 association; however, the amount of the bond need not exceed \$500,000.

24.3 Sec. 28. Minnesota Statutes 2012, section 69.051, subdivision 3, is amended to read:

24.4 Subd. 3. **Report by certain municipalities.** (a) The chief administrative officer
 24.5 of each municipality which has an organized fire department but which does not have a
 24.6 firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and
 24.7 which is not exempted under paragraph (b) shall annually prepare a detailed financial
 24.8 report of the receipts and disbursements by the municipality for fire protection service
 24.9 during the preceding calendar year, on a form prescribed by the state auditor. The financial
 24.10 report must contain any information which the state auditor deems necessary to disclose
 24.11 the sources of receipts and the purpose of disbursements for fire protection service.
 24.12 The financial report must be signed by the municipal clerk or clerk-treasurer of the
 24.13 municipality. The financial report must be filed by the municipal clerk or clerk-treasurer
 24.14 with the state auditor on or before July 1 annually. The municipality ~~shall~~ does not qualify
 24.15 initially to receive, ~~or be~~ and is not entitled subsequently to retain, state aid under this
 24.16 chapter if the financial reporting requirement or the applicable requirements of this chapter
 24.17 or any other statute or special law have not been complied with or are not fulfilled.

24.18 (b) Each municipality that has an organized fire department and provides retirement
 24.19 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
 24.20 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
 24.21 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
 24.22 a detailed financial report if the executive director of the Public Employees Retirement
 24.23 Association certifies compliance by the municipality with the requirements of sections
 24.24 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief
 24.25 with the requirements of section 353G.07.

24.26 Sec. 29. Minnesota Statutes 2012, section 69.051, subdivision 4, is amended to read:

24.27 Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor,
 24.28 in performing an audit or examination, shall notify the Legislative Commission on
 24.29 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or
 24.30 nonfeasance in office by relief association officials or municipal officials.

24.31 (b) The commissioner shall notify the Legislative Commission on Pensions and
 24.32 Retirement if the state auditor has not filed the required financial compliance reports
 24.33 by July 1.

25.1 Sec. 30. Minnesota Statutes 2012, section 69.33, is amended to read:

25.2 **69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE**
 25.3 **COMPANIES.**

25.4 For purposes of the first class city fire insurance premium tax surcharge aid program
 25.5 under section 297I.10, the commissioner shall enclose in the annual statement blank that is
 25.6 sent to all fire insurance companies doing business in this state a blank form containing
 25.7 the names of all cities of the first class and require these companies, at the time of making
 25.8 their annual statements to the commissioner, to state on these blanks the amount of
 25.9 premiums received by them upon properties insured within the corporate limits of the
 25.10 cities named thereon during the year ending December 31st last past. Thereafter, before
 25.11 July first each year, the commissioner shall certify to the commissioner of management
 25.12 and budget the information thus obtained, together with the amount of the tax for the
 25.13 benefit of the pension plans covering firefighters in cities of the first class paid in such
 25.14 year by these companies upon these insurance premiums.

25.15 Sec. 31. Minnesota Statutes 2012, section 69.77, subdivision 1, is amended to read:

25.16 Subdivision 1. **Conditioned employer support for a the Bloomington Fire**
 25.17 **Department Relief Association.** (a) Notwithstanding any law to the contrary, only
 25.18 if the ~~municipality~~ city of Bloomington and the Bloomington Fire Department Relief
 25.19 Association comply with the provisions of this section, a ~~municipality~~ the city of
 25.20 Bloomington may contribute public funds, including any applicable police or fire state
 25.21 aid, or levy property taxes for the support of a ~~police or firefighters'~~ the Bloomington
 25.22 Fire Department Relief Association, ~~enumerated in subdivision 1a, however organized,~~
 25.23 ~~which provides retirement coverage or pays a service pension to a retired police officer or~~
 25.24 ~~firefighter or a retirement benefit to a surviving dependent of either an active or retired~~
 25.25 ~~police officer or firefighter, and for the operation and maintenance of the relief association.~~

25.26 (b) The commissioner shall not include in the apportionment of ~~police or fire state~~
 25.27 ~~aid to the county auditor under section 69.021, subdivision 6, any municipality in which~~
 25.28 ~~there exists a local police or salaried firefighters' relief association as enumerated in~~
 25.29 ~~subdivision 1a which~~ the city of Bloomington if the Bloomington Fire Department Relief
 25.30 Association does not comply with the provisions of this section or the provisions of any
 25.31 applicable special law relating to the funding or financing of the association and ~~that~~
 25.32 ~~municipality~~ the city of Bloomington may not qualify initially to receive, or be entitled
 25.33 subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason
 25.34 for the disqualification is remedied, whereupon the ~~municipality~~ city of Bloomington,

26.1 if otherwise qualified, is entitled to again receive fire state aid for the year occurring
 26.2 immediately subsequent to the year in which the disqualification is remedied.

26.3 (c) The state auditor and the commissioner shall determine if ~~a municipality with a~~
 26.4 ~~local police or salaried firefighters' relief association fails~~ the city of Bloomington and the
 26.5 Bloomington Fire Department Relief Association fail to comply with the provisions of
 26.6 this section or the funding or financing provisions of any applicable special law.

26.7 Sec. 32. Minnesota Statutes 2012, section 69.77, subdivision 2, is amended to read:

26.8 Subd. 2. **Inapplicable penalty.** The penalty provided for in subdivision 1 does not
 26.9 apply to a the Bloomington Fire Department Relief Association ~~enumerated in subdivision~~
 26.10 ~~1a~~ if the requirements of subdivisions 3 to 10 are met.

26.11 Sec. 33. Minnesota Statutes 2012, section 69.77, subdivision 3, is amended to read:

26.12 Subd. 3. **Minimum member contribution.** (a) Each active full-time member of
 26.13 the Bloomington Fire Department Relief Association must pay into the special fund of
 26.14 the association during a year of covered service, a contribution for retirement coverage,
 26.15 including survivorship benefits, of not less than eight percent of the maximum rate of
 26.16 salary upon which retirement coverage is credited and service pension and retirement
 26.17 benefit amounts are determined. The member contributions must be made by payroll
 26.18 deduction from the salary of the member by the ~~municipality~~ city of Bloomington, and
 26.19 must be transmitted by the ~~municipality~~ city of Bloomington to the relief association as
 26.20 soon as practical. The relief association shall deposit the member contribution to the credit
 26.21 of the special fund of the relief association.

26.22 (b) The member contribution requirement specified in this subdivision does not
 26.23 apply to any members who are volunteer firefighters or who are not employed full time
 26.24 as firefighters.

26.25 Sec. 34. Minnesota Statutes 2012, section 69.77, subdivision 4, is amended to read:

26.26 Subd. 4. **Relief association financial requirements; minimum municipal**
 26.27 **obligation.** (a) The officers of the Bloomington Fire Department Relief Association
 26.28 shall determine the financial requirements of the relief association and the minimum
 26.29 obligation of the municipality city of Bloomington for the following calendar year in
 26.30 accordance with the requirements of this subdivision. The financial requirements of the
 26.31 relief association and the minimum obligation of the ~~municipality~~ city of Bloomington
 26.32 must be determined on or before the submission date established by the ~~municipality~~
 26.33 city of Bloomington under subdivision 5.

27.1 (b) The financial requirements of the relief association for the following calendar
27.2 year must be based on the most recent actuarial valuation or survey of the special fund of
27.3 the association if more than one fund is maintained by the association, or of the association,
27.4 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
27.5 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
27.6 by the actuary of the relief association as part of obtaining a modification of the benefit
27.7 plan of the relief association and the modification is implemented, the actuarial estimate
27.8 must be used in calculating the subsequent financial requirements of the relief association.

27.9 (c) If the relief association has an unfunded actuarial accrued liability as reported in
27.10 the most recent actuarial valuation or survey, the total of the amounts calculated under
27.11 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
27.12 the following year. If the relief association does not have an unfunded actuarial accrued
27.13 liability as reported in the most recent actuarial valuation or survey, the amount calculated
27.14 under clauses (1) and (2) constitute the financial requirements of the relief association for
27.15 the following year. The financial requirement elements are:

27.16 (1) the normal level cost requirement for the following year, expressed as a dollar
27.17 amount, which must be determined by applying the normal level cost of the relief
27.18 association as reported in the actuarial valuation or survey and expressed as a percentage
27.19 of covered payroll to the estimated covered payroll of the active membership of the relief
27.20 association, including any projected change in the active membership, for the following
27.21 year;

27.22 (2) ~~for the Bloomington Fire Department Relief Association~~; to the dollar amount
27.23 of normal cost determined under clause (1) must be added an amount equal to the dollar
27.24 amount of the administrative expenses of the special fund of the association if more
27.25 than one fund is maintained by the association, or of the association if only one fund is
27.26 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
27.27 expenses are those authorized under section 69.80; and

27.28 (3) to the dollar amount of normal cost and expenses determined under clauses
27.29 (1) and (2) must be added an amount equal to the level annual dollar amount which
27.30 is sufficient to amortize the unfunded actuarial accrued liability as determined from
27.31 the actuarial valuation or survey of the fund, using an interest assumption set at the
27.32 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization
27.33 date as specified in paragraph (d).

27.34 ~~(d) The Bloomington Fire Department Relief Association~~ special fund amortization
27.35 date is determined under section 356.216, clause (2). The amortization date specified in
27.36 this paragraph supersedes any amortization date specified in any applicable special law.

28.1 (d) If the actuarial value of the assets of the special fund of the relief association
 28.2 exceed the actuarial accrued liability as reported in the most recent actuarial valuation of the
 28.3 special fund of the relief association, the financial requirements of the relief association are
 28.4 the amounts calculated under paragraph (c), clauses (1) and (2), reduced by one-tenth of the
 28.5 amount by which the actuarial value of the assets of the special fund of the relief association
 28.6 exceeds the actuarial accrued liability of the special fund of the relief association.

28.7 (e) The minimum obligation of the municipality is an amount equal to the financial
 28.8 requirements of the relief association reduced by the estimated amount of member
 28.9 contributions from covered salary anticipated for the following calendar year and the
 28.10 estimated ~~amounts~~ amount anticipated for the following calendar year from the applicable
 28.11 fire state aid program established under sections 69.011 to 69.051 receivable by the relief
 28.12 association after any allocation made under section 69.031, subdivision 5, paragraph (b),
 28.13 clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police
 28.14 and salaried firefighters' relief association amortization aid program established under
 28.15 section 423A.02, subdivision 1, from the supplementary amortization state aid program
 28.16 established under section 423A.02, subdivision 1a, and from the additional amortization
 28.17 state aid under section 423A.02, subdivision 1b.

28.18 Sec. 35. Minnesota Statutes 2012, section 69.77, subdivision 5, is amended to read:

28.19 Subd. 5. **Determination submission.** The officers of the relief association shall
 28.20 submit the determination of the financial requirements of the relief association and of the
 28.21 minimum obligation of the municipality to the ~~governing body~~ Bloomington City Council
 28.22 on or before the date established by the municipality city of Bloomington, which may
 28.23 not be earlier than August 1 and may not be later than September 1 of each year. The
 28.24 governing body of the municipality Bloomington City Council must ascertain whether or
 28.25 not the determinations were prepared in accordance with law.

28.26 Sec. 36. Minnesota Statutes 2012, section 69.77, subdivision 6, is amended to read:

28.27 Subd. 6. **Municipal payment.** (a) The ~~municipality~~ city of Bloomington shall
 28.28 provide for and shall pay, each year, at least the amount of the minimum obligation of the
 28.29 ~~municipality~~ city of Bloomington to the Bloomington Fire Department Relief Association.

28.30 (b) If there is any deficiency in the municipal payment to meet the minimum
 28.31 obligation of the ~~municipality~~ city of Bloomington as of the end of any calendar year, the
 28.32 amount of the deficiency must be added to the minimum obligation of the ~~municipality~~ city
 28.33 of Bloomington for the following year calculated under subdivision 4 and must include
 28.34 interest at the compound rate of six percent per annum from the date that the ~~municipality~~

29.1 city of Bloomington was required to make payment under this subdivision until the date
 29.2 that the ~~municipality~~ city of Bloomington actually makes the required payment.

29.3 Sec. 37. Minnesota Statutes 2012, section 69.77, subdivision 7, is amended to read:

29.4 Subd. 7. **Budget inclusion.** (a) The ~~municipality~~ city of Bloomington shall provide
 29.5 in the annual municipal budget for at least the minimum obligation of the municipality
 29.6 calculated under subdivision 4.

29.7 (b) The ~~municipality~~ city of Bloomington may levy taxes for the payment of the
 29.8 minimum obligation of the ~~municipality~~ city of Bloomington without any limitation as to
 29.9 rate or amount and irrespective of limitations imposed by other provisions of law upon the
 29.10 rate or amount of taxation when the balance of the special fund or any fund of the relief
 29.11 association has attained a specified minimum asset level. In addition, any taxes levied
 29.12 under this section may not cause the amount or rate of other taxes levied in that year or to
 29.13 be levied in a subsequent year by the ~~municipality~~ city of Bloomington which are subject
 29.14 to a limitation as to rate or amount to be reduced.

29.15 (c) If the ~~municipality~~ city of Bloomington does not include the full amount of
 29.16 the minimum obligation of the ~~municipality~~ city of Bloomington in the levy that the
 29.17 ~~municipality~~ city of Bloomington certified to the Hennepin County auditor in any year, the
 29.18 officers of the relief association shall certify the amount of any deficiency to the Hennepin
 29.19 County auditor. Upon verifying the existence of any deficiency in the levy certified by
 29.20 the ~~municipality~~ city of Bloomington, the Hennepin County auditor shall spread a levy
 29.21 over the taxable property of the ~~municipality~~ city of Bloomington in the amount of the
 29.22 deficiency certified to by the officers of the relief association.

29.23 Sec. 38. Minnesota Statutes 2012, section 69.77, subdivision 8, is amended to read:

29.24 Subd. 8. **Accelerated amortization.** Any sums of money paid by the ~~municipality~~
 29.25 city of Bloomington to the relief association in excess of the minimum obligation of the
 29.26 ~~municipality~~ city of Bloomington in any year must be used to amortize any unfunded
 29.27 actuarial accrued liabilities of the Bloomington Fire Department Relief Association.

29.28 Sec. 39. Minnesota Statutes 2012, section 69.77, subdivision 9, is amended to read:

29.29 Subd. 9. **Local paid fire relief association investment authority.** (a) The ~~special~~
 29.30 ~~fund~~ funds of the association must be invested in securities that are authorized investments
 29.31 under section 356A.06, subdivision 6 or 7, whichever applies.

29.32 (b) The governing board of the Bloomington Fire Department Relief Association
 29.33 may select and appoint a qualified private firm to measure management performance and

30.1 return on investment, and the firm must use the formula or formulas developed by the
 30.2 State Board of Investment under section 11A.04, clause (11). The governing board of the
 30.3 Bloomington Fire Department Relief Association may certify general fund assets of the
 30.4 relief association for investment by the State Board of Investment in fixed income pools
 30.5 or in a separately managed account at the discretion of the State Board of Investment
 30.6 as provided in section 11A.14.

30.7 ~~(e) The governing board of the association may certify general fund assets of the~~
 30.8 ~~relief association for investment by the State Board of Investment in fixed income pools~~
 30.9 ~~or in a separately managed account at the discretion of the State Board of Investment~~
 30.10 ~~as provided in section 11A.14.~~

30.11 Sec. 40. Minnesota Statutes 2012, section 69.77, subdivision 10, is amended to read:

30.12 Subd. 10. **Actuarial valuation required.** The governing board of the Bloomington
 30.13 Fire Department Relief Association shall obtain an actuarial valuation showing the
 30.14 condition of the special fund of the relief association under sections 356.215 and 356.216
 30.15 and any the applicable standards for actuarial work established by the Legislative
 30.16 Commission on Pensions and Retirement. The actuarial valuation must be made as of
 30.17 December 31 of every year. A copy of the actuarial valuation must be filed with the
 30.18 Director of the Legislative Reference Library, the governing body of the municipality in
 30.19 which the association is organized Bloomington City Council, the executive director of
 30.20 the Legislative Commission on Pensions and Retirement, and the state auditor, not later
 30.21 than July 1 of the following year.

30.22 Sec. 41. Minnesota Statutes 2012, section 69.77, subdivision 11, is amended to read:

30.23 Subd. 11. **Municipal approval of benefit changes required.** Any amendment to
 30.24 the bylaws or articles of incorporation of a the Bloomington Fire Department Relief
 30.25 Association which increases or otherwise affects the retirement coverage provided by or
 30.26 the service pensions or retirement benefits payable from any police or firefighters' the
 30.27 relief association enumerated in subdivision 1a is not effective until it is ratified by the
 30.28 municipality in which the relief association is located city of Bloomington. The officers
 30.29 of the relief association shall not seek municipal ratification before obtaining either an
 30.30 updated actuarial valuation including the proposed amendment or an estimate of the
 30.31 expected actuarial impact of the proposed amendment prepared by the actuary of the relief
 30.32 association and submitting that actuarial valuation or estimate to the Bloomington city
 30.33 clerk of the municipality.

31.1 Sec. 42. Minnesota Statutes 2012, section 69.77, subdivision 12, is amended to read:

31.2 Subd. 12. **Application of other laws to contribution rate.** In the absence of any
 31.3 specific provision to the contrary, no general or special law previously enacted may be
 31.4 construed as reducing the levy amount ~~or rate of contribution to a police or firefighters~~ the
 31.5 Bloomington Fire Department Relief Association to which subdivision 1a applies, by a
 31.6 ~~municipality or member of the association~~ the city of Bloomington, which is required as a
 31.7 condition for the use of public funds or the levy of taxes for the support of the association.
 31.8 ~~Each~~ The Bloomington Fire Department Relief Association, the ~~municipality in which~~
 31.9 ~~it is organized~~ city of Bloomington, and the officers of each, are authorized to do all
 31.10 things required by this section as a condition for the use of public funds or the levy of
 31.11 taxes for the support of the association.

31.12 Sec. 43. Minnesota Statutes 2012, section 69.77, subdivision 13, is amended to read:

31.13 Subd. 13. **Citation.** This section may be cited as the "~~Police and Firefighters'~~
 31.14 Bloomington Fire Department Relief Associations Association Guidelines Act of 1969."

31.15 Sec. 44. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

31.16 Subdivision 1. **Covered relief associations.** The applicable provisions of sections
 31.17 69.771 to 69.776 apply to any firefighters' relief association other than a the Bloomington
 31.18 Fire Department Relief Association ~~enumerated in section 69.77, subdivision 1a~~, which
 31.19 is organized under any laws of this state, which is composed of volunteer firefighters or
 31.20 is composed partially of volunteer firefighters and partially of salaried firefighters with
 31.21 retirement coverage provided by the public employees police and fire fund and which, in
 31.22 either case, operates subject to the service pension minimum requirements for entitlement
 31.23 and maximums contained in section 424A.02, or subject to a special law modifying those
 31.24 requirements or maximums.

31.25 Sec. 45. Minnesota Statutes 2012, section 69.80, is amended to read:

31.26 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

31.27 (a) Notwithstanding any provision of law to the contrary, the payment of the
 31.28 following necessary, reasonable and direct expenses of maintaining, protecting and
 31.29 administering the special fund, when provided for in the bylaws of the association and
 31.30 approved by the board of trustees, constitutes authorized administrative expenses of a
 31.31 ~~police, salaried firefighters', or volunteer firefighters'~~ relief association organized under
 31.32 any law of this state or the Bloomington Fire Department Relief Association:

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

32.4 (2) salaries of the officers of the association, or their designees, and salaries of the
 32.5 members of the board of trustees of the association if the salary amounts are approved by
 32.6 the governing body of the entity that is responsible for meeting any minimum obligation
 32.7 under section ~~69.77~~, ~~69.772~~, or ~~69.773~~, or sections 31 to 43, and the itemized expenses
 32.8 of relief association officers and board members that are incurred as a result of fulfilling
 32.9 their responsibilities as administrators of the special fund;

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

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

32.15 (5) filing and application fees payable by the relief association to federal or other
 32.16 governmental entities;

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

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

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

32.28 Sec. 46. Minnesota Statutes 2012, section 275.70, subdivision 5, is amended to read:

32.29 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
 32.30 levied by a local governmental unit for the following purposes or in the following manner:

32.31 (1) to pay the costs of the principal and interest on bonded indebtedness or to
 32.32 reimburse for the amount of liquor store revenues used to pay the principal and interest
 32.33 due on municipal liquor store bonds in the year preceding the year for which the levy
 32.34 limit is calculated;

33.1 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
33.2 any corporate purpose except for the following:

33.3 (i) tax anticipation or aid anticipation certificates of indebtedness;

33.4 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

33.5 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
33.6 extraordinary expenditures that result from a public emergency; or

33.7 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
33.8 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
33.9 special levy authorized under section 475.755;

33.10 (3) to provide for the bonded indebtedness portion of payments made to another
33.11 political subdivision of the state of Minnesota;

33.12 (4) to fund payments made to the Minnesota State Armory Building Commission
33.13 under section 193.145, subdivision 2, to retire the principal and interest on armory
33.14 construction bonds;

33.15 (5) property taxes approved by voters which are levied against the referendum
33.16 market value as provided under section 275.61;

33.17 (6) to fund matching requirements needed to qualify for federal or state grants or
33.18 programs to the extent that either (i) the matching requirement exceeds the matching
33.19 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
33.20 exist prior to 2002;

33.21 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
33.22 repairing the effects of natural disaster including the occurrence or threat of widespread
33.23 or severe damage, injury, or loss of life or property resulting from natural causes, in
33.24 accordance with standards formulated by the Emergency Services Division of the state
33.25 Department of Public Safety, as allowed by the commissioner of revenue under section
33.26 275.74, subdivision 2;

33.27 (8) pay amounts required to correct an error in the levy certified to the county
33.28 auditor by a city or county in a levy year, but only to the extent that when added to the
33.29 preceding year's levy it is not in excess of an applicable statutory, special law or charter
33.30 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
33.31 to 275.74 in the preceding levy year;

33.32 (9) to pay an abatement under section 469.1815;

33.33 (10) to pay any costs attributable to increases in the employer contribution rates under
33.34 chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

33.35 (11) to pay the operating or maintenance costs of a county jail as authorized in section
33.36 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,

34.1 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue
34.2 that the amount has been included in the county budget as a direct result of a rule, minimum
34.3 requirement, minimum standard, or directive of the Department of Corrections, or to pay
34.4 the operating or maintenance costs of a regional jail as authorized in section 641.262. For
34.5 purposes of this clause, a district court order is not a rule, minimum requirement, minimum
34.6 standard, or directive of the Department of Corrections. If the county utilizes this special
34.7 levy, except to pay operating or maintenance costs of a new regional jail facility under
34.8 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount
34.9 levied by the county in the previous levy year for the purposes specified under this clause
34.10 and included in the county's previous year's levy limitation computed under section
34.11 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,
34.12 when determining the county's current year levy limitation. The county shall provide the
34.13 necessary information to the commissioner of revenue for making this determination;

34.14 (12) to pay for operation of a lake improvement district, as authorized under section
34.15 103B.555. If the county utilizes this special levy, any amount levied by the county in the
34.16 previous levy year for the purposes specified under this clause and included in the county's
34.17 previous year's levy limitation computed under section 275.71 shall be deducted from
34.18 the levy limit base under section 275.71, subdivision 2, when determining the county's
34.19 current year levy limitation. The county shall provide the necessary information to the
34.20 commissioner of revenue for making this determination;

34.21 (13) to repay a state or federal loan used to fund the direct or indirect required
34.22 spending by the local government due to a state or federal transportation project or other
34.23 state or federal capital project. This authority may only be used if the project is not a
34.24 local government initiative;

34.25 (14) to pay for court administration costs as required under section 273.1398,
34.26 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
34.27 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
34.28 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
34.29 levied to pay for these costs in the year in which the court financing is transferred to the
34.30 state, the amount under this clause is limited to the amount of aid the county is certified to
34.31 receive under section 273.1398, subdivision 4a;

34.32 (15) to fund a ~~police or~~ firefighters relief association as required under section
34.33 ~~69.77~~ sections 31 to 43 to the extent that the required amount exceeds the amount levied
34.34 for this purpose in 2001;

34.35 (16) for purposes of a storm sewer improvement district under section 444.20;

35.1 (17) to pay for the maintenance and support of a city or county society for the
35.2 prevention of cruelty to animals under section 343.11, but not to exceed in any year
35.3 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
35.4 recent federal census, whichever is greater. If the city or county uses this special levy, any
35.5 amount levied by the city or county in the previous levy year for the purposes specified
35.6 in this clause and included in the city's or county's previous year's levy limit computed
35.7 under section 275.71, must be deducted from the levy limit base under section 275.71,
35.8 subdivision 2, in determining the city's or county's current year levy limit;

35.9 (18) for counties, to pay for the increase in their share of health and human service
35.10 costs caused by reductions in federal health and human services grants effective after
35.11 September 30, 2007;

35.12 (19) for a city, for the costs reasonably and necessarily incurred for securing,
35.13 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
35.14 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
35.15 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
35.16 the city or in a zip code area of the city that is at least 50 percent higher than the average
35.17 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
35.18 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
35.19 number of foreclosures, as indicated by sheriff sales records, divided by the number of
35.20 households in the city in 2007;

35.21 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
35.22 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
35.23 to the Federal Highway Administration;

35.24 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
35.25 personnel. If a local governmental unit did not use this special levy in the previous year its
35.26 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
35.27 levied for the purposes specified in this clause in the previous year;

35.28 (22) an amount equal to any reductions in the certified aids or credit reimbursements
35.29 payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment
35.30 under section 16A.152 or reductions under another provision of law. The amount of the
35.31 levy allowed under this clause for each year is limited to the amount unallotted or reduced
35.32 from the aids and credit reimbursements certified for payment in the year following the
35.33 calendar year in which the tax levy is certified unless the unallotment or reduction amount
35.34 is not known by September 1 of the levy certification year, and the local government has
35.35 not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in
35.36 which case that unallotment or reduction amount may be levied in the following year;

36.1 (23) to pay for the difference between one-half of the costs of confining sex offenders
 36.2 undergoing the civil commitment process and any state payments for this purpose pursuant
 36.3 to section 253B.185, subdivision 5;

36.4 (24) for a county to pay the costs of the first year of maintaining and operating a new
 36.5 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
 36.6 investigation labs, or other public safety facilities and for which all or a portion of the
 36.7 funding for the site acquisition, building design, site preparation, construction, and related
 36.8 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
 36.9 levy limit base shall then be increased by an amount equal to the new facility's first full
 36.10 year's operating costs as described in this clause; and

36.11 (25) for the estimated amount of reduction to market value credit reimbursements
 36.12 under section 273.1384 for credits payable in the year in which the levy is payable.

36.13 Sec. 47. Minnesota Statutes 2012, section 297I.10, subdivision 1, is amended to read:

36.14 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct
 36.15 a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross
 36.16 premiums, less return premiums, on all direct business received by any licensed foreign or
 36.17 domestic fire insurance company on property in a city of the first class, or by its agents for
 36.18 it, in cash or otherwise.

36.19 (b) By July 31 and December 31 of each year, the commissioner of management
 36.20 and budget shall pay to ~~the relief association in each city of the first class~~ a warrant for
 36.21 an amount equal to the total amount of the surcharge on the premiums collected within
 36.22 ~~the~~ that city since the previous payment.

36.23 (c) The treasurer of the ~~relief association~~ city shall place the money received under
 36.24 this subdivision in the a special account or fund of the relief association to defray all or a
 36.25 portion of the employer contribution requirement of public employees police and fire
 36.26 plan coverage for city firefighters.

36.27 Sec. 48. Minnesota Statutes 2012, section 345.381, is amended to read:

36.28 **345.381 PROPERTY HELD BY MINNESOTA PUBLIC PENSION FUND.**

36.29 No amounts of money held or owing by a public pension fund enumerated in section
 36.30 356.20, subdivision 2, or 356.30, subdivision 3, or governed by sections ~~69.77 or 69.771~~ to
 36.31 ~~69.776 shall~~ sections 31 to 43 may be presumed to have been abandoned for purposes of
 36.32 sections 345.41, 345.42, 345.43, 345.47 and 345.48 if the plan governing the public pension
 36.33 fund includes a provision governing the disposition of unclaimed amounts of money.

37.1 Sec. 49. Minnesota Statutes 2012, section 353.01, subdivision 2a, is amended to read:

37.2 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
 37.3 whose salary exceeds \$425 in any month and who are not specifically excluded under
 37.4 subdivision 2b or who have not been provided an option to participate under subdivision
 37.5 2d, whether individually or by action of the governmental subdivision, must participate as
 37.6 members of the association with retirement coverage by the general employees retirement
 37.7 plan under this chapter, the public employees police and fire retirement plan under this
 37.8 chapter, or the local government correctional employees retirement plan under chapter
 37.9 353E, whichever applies. Membership commences as a condition of their employment on
 37.10 the first day of their employment or on the first day that the eligibility criteria are met,
 37.11 whichever is later. Public employees include but are not limited to:

37.12 (1) persons whose salary meets the threshold in this paragraph from employment in
 37.13 one or more positions within one governmental subdivision;

37.14 (2) elected county sheriffs;

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

37.18 (i) town and city clerk or treasurer;

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

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

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

37.23 (4) physicians under section 353D.01, subdivision 2, who do not elect public
 37.24 employees defined contribution plan coverage under section 353D.02, subdivision 2;

37.25 (5) full-time employees of the Dakota County Agricultural Society;

37.26 ~~(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
 37.27 ~~Police Relief Association who are not excluded employees under subdivision 2b due~~
 37.28 ~~to coverage by the relief association pension plan and who elected general employee~~
 37.29 ~~retirement plan coverage before August 20, 2009;~~

37.30 ~~(7)~~ (6) employees of the Red Wing Port Authority who were first employed by the
 37.31 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
 37.32 under subdivision 2b; and

37.33 ~~(8)~~ (7) employees of the Seaway Port Authority of Duluth who are not excluded
 37.34 employees under subdivision 2b.

37.35 (b) A public employee or elected official who was a member of the association on
 37.36 June 30, 2002, based on employment that qualified for membership coverage by the public

38.1 employees retirement plan or the public employees police and fire plan under this chapter,
 38.2 or the local government correctional employees retirement plan under chapter 353E as of
 38.3 June 30, 2002, retains that membership for the duration of the person's employment in that
 38.4 position or incumbency in elected office. Except as provided in subdivision 28, the person
 38.5 shall participate as a member until the employee or elected official terminates public
 38.6 employment under subdivision 11a or terminates membership under subdivision 11b.

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

38.9 (d) For the purpose of participation in the MERF division of the general employees
 38.10 retirement plan, public employees include employees who were members of the former
 38.11 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
 38.12 members of the MERF division of the association.

38.13 Sec. 50. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

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

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

38.20 (2) public officers who are elected to a governing body, city mayors, or persons who
 38.21 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
 38.22 commences on or after July 1, 2002, for the service to be rendered in that elective position;

38.23 (3) election officers or election judges;

38.24 (4) patient and inmate personnel who perform services for a governmental
 38.25 subdivision;

38.26 (5) except as otherwise specified in subdivision 12a, employees who are hired for
 38.27 a temporary position as defined under subdivision 12a, and employees who resign from
 38.28 a nontemporary position and accept a temporary position within 30 days in the same
 38.29 governmental subdivision;

38.30 (6) employees who are employed by reason of work emergency caused by fire,
 38.31 flood, storm, or similar disaster;

38.32 (7) employees who by virtue of their employment in one governmental subdivision
 38.33 are required by law to be a member of and to contribute to any of the plans or funds
 38.34 administered by the Minnesota State Retirement System, the Teachers Retirement
 38.35 Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers

39.1 Retirement Fund Association, ~~or any police or firefighters relief association governed by~~
39.2 ~~section 69.77 that has not consolidated with the Public Employees Retirement Association,~~
39.3 ~~or any local police or firefighters consolidation account who have not elected the type of~~
39.4 ~~benefit coverage provided by the public employees police and fire fund under sections~~
39.5 ~~353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6,~~
39.6 ~~who have not elected public employees police and fire plan benefit coverage.~~ This clause
39.7 must not be construed to prevent a person from being a member of and contributing to
39.8 the Public Employees Retirement Association and also belonging to and contributing to
39.9 another public pension plan or fund for other service occurring during the same period
39.10 of time. A person who meets the definition of "public employee" in subdivision 2 by
39.11 virtue of other service occurring during the same period of time becomes a member of the
39.12 association unless contributions are made to another public retirement fund on the salary
39.13 based on the other service or to the Teachers Retirement Association by a teacher as
39.14 defined in section 354.05, subdivision 2;

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

39.20 (9) employees of a governmental subdivision who have not reached the age of
39.21 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
39.22 basis at an accredited school, college, or university in an undergraduate, graduate, or
39.23 professional-technical program, or a public or charter high school;

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

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

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

39.30 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
39.31 foreign citizens who are employed by a governmental subdivision under a work permit, or
39.32 an H-1b visa initially issued or extended for a combined period less than three years of
39.33 employment. Upon extension of the employment beyond the three-year period, the foreign
39.34 citizens must be reported for membership beginning the first of the month thereafter
39.35 provided the monthly earnings threshold as provided under subdivision 2a is met;

40.1 (14) public hospital employees who elected not to participate as members of the
40.2 association before 1972 and who did not elect to participate from July 1, 1988, to October
40.3 1, 1988;

40.4 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
40.5 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
40.6 may still qualify as public employees under subdivision 2 and may be members of the
40.7 Public Employees Retirement Association and participants in the general employees
40.8 retirement plan or the public employees police and fire plan, whichever applies, on the
40.9 basis of compensation received from public employment service other than service as
40.10 volunteer ambulance service personnel;

40.11 (16) except as provided in section 353.87, volunteer firefighters, as defined in
40.12 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
40.13 but a person who is a volunteer firefighter may still qualify as a public employee under
40.14 subdivision 2 and may be a member of the Public Employees Retirement Association and
40.15 a participant in the general employees retirement plan or the public employees police
40.16 and fire plan, whichever applies, on the basis of compensation received from public
40.17 employment activities other than those as a volunteer firefighter;

40.18 (17) pipefitters and associated trades personnel employed by Independent School
40.19 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
40.20 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
40.21 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
40.22 241, article 2, section 12;

40.23 (18) electrical workers, plumbers, carpenters, and associated trades personnel who
40.24 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
40.25 who have retirement coverage under a collective bargaining agreement by the Electrical
40.26 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
40.27 or the pension plan applicable to Carpenters Local 87 who were either first employed after
40.28 May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
40.29 Laws 2000, chapter 461, article 7, section 5;

40.30 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
40.31 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
40.32 or Independent School District No. 625, St. Paul, with coverage under a collective
40.33 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
40.34 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
40.35 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
40.36 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if

41.1 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
41.2 Session chapter 10, article 10, section 6;

41.3 (20) plumbers who are employed by the Metropolitan Airports Commission, with
41.4 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
41.5 who either were first employed after May 1, 2001, or if first employed before May 2,
41.6 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
41.7 10, section 6;

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

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

41.18 (23) independent contractors and the employees of independent contractors;

41.19 (24) reemployed annuitants of the association during the course of that
41.20 reemployment; and

41.21 (25) persons appointed to serve on a board or commission of a governmental
41.22 subdivision or an instrumentality thereof.

41.23 (b) Any person performing the duties of a public officer in a position defined in
41.24 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
41.25 employee of an independent contractor.

41.26 Sec. 51. Minnesota Statutes 2012, section 353.01, subdivision 6, is amended to read:

41.27 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
41.28 county, city, town, school district within this state, or a department, unit or instrumentality
41.29 of state or local government, or any public body established under state or local
41.30 authority that has a governmental purpose, is under public control, is responsible for the
41.31 employment and payment of the salaries of employees of the entity, and receives a major
41.32 portion of its revenues from taxation, fees, assessments or from other public sources.

41.33 (b) Governmental subdivision also means the Public Employees Retirement
41.34 Association, the League of Minnesota Cities, the Association of Metropolitan
41.35 Municipalities, charter schools formed under section 124D.10, service cooperatives

42.1 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
 42.2 boards organized under section 471.59, subdivision 11, paragraph (a), family service
 42.3 collaboratives and children's mental health collaboratives organized under section 471.59,
 42.4 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
 42.5 are governmental units that otherwise qualify for retirement plan membership, public
 42.6 hospitals owned or operated by, or an integral part of, a governmental subdivision or
 42.7 governmental subdivisions, the Association of Minnesota Counties, the Minnesota
 42.8 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
 42.9 Airports Commission, the University of Minnesota with respect to police officers covered
 42.10 by the public employees police and fire retirement plan, the Minneapolis Employees
 42.11 Retirement Fund for employment initially commenced after June 30, 1979, the Range
 42.12 Association of Municipalities and Schools, soil and water conservation districts, economic
 42.13 development authorities created or operating under sections 469.090 to 469.108, the Port
 42.14 Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing
 42.15 Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna
 42.16 Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center,
 42.17 the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc., ~~and the~~
 42.18 ~~Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association~~
 42.19 ~~with respect to staff covered by the Public Employees Retirement Association general plan.~~

42.20 (c) Governmental subdivision does not mean any municipal housing and
 42.21 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
 42.22 or any port authority organized under sections 469.048 to 469.089 other than the Port
 42.23 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
 42.24 the Red Wing Port Authority; or any hospital district organized or reorganized prior to
 42.25 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board
 42.26 of a family service collaborative or children's mental health collaborative organized
 42.27 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
 42.28 by representatives of governmental units.

42.29 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
 42.30 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
 42.31 governmental subdivision unless the entity has obtained a written advisory opinion from
 42.32 the United States Department of Labor or a ruling from the Internal Revenue Service
 42.33 declaring the entity to be an instrumentality of the state so as to provide that any future
 42.34 contributions by the entity on behalf of its employees are contributions to a governmental
 42.35 plan within the meaning of Internal Revenue Code, section 414(d).

43.1 (e) A public body created by state or local authority may request membership on
 43.2 behalf of its employees by providing sufficient evidence that it meets the requirements in
 43.3 paragraph (a).

43.4 (f) An entity determined to be a governmental subdivision is subject to the reporting
 43.5 requirements of this chapter upon receipt of a written notice of eligibility from the
 43.6 association.

43.7 Sec. 52. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

43.8 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

43.9 (1) the periodic compensation of a public employee, before deductions for deferred
 43.10 compensation, supplemental retirement plans, or other voluntary salary reduction
 43.11 programs, and also means "wages" and includes net income from fees; and

43.12 (2) for a public employee who is covered by a supplemental retirement plan under
 43.13 section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions
 43.14 be made by the employer, the contribution to the applicable supplemental retirement plan
 43.15 when an agreement between the parties establishes that the contribution will either result
 43.16 in a mandatory reduction of employees' wages through payroll withholdings, or be made
 43.17 in lieu of an amount that would otherwise be paid as wages; and

43.18 ~~(3) for a public employee who has prior service covered by a local police or~~
 43.19 ~~firefighters relief association that has consolidated with the Public Employees Retirement~~
 43.20 ~~Association or to which section 353.665 applies and who has elected coverage either~~
 43.21 ~~under the public employees police and fire fund benefit plan under section 353A.08~~
 43.22 ~~following the consolidation or under section 353.665, subdivision 4, the rate of salary~~
 43.23 ~~upon which member contributions to the special fund of the relief association were made~~
 43.24 ~~prior to the effective date of the consolidation as specified by law and by bylaw provisions~~
 43.25 ~~governing the relief association on the date of the initiation of the consolidation procedure~~
 43.26 ~~and the actual periodic compensation of the public employee after the effective date of~~
 43.27 ~~consolidation.~~

43.28 (b) Salary does not mean:

43.29 (1) the fees paid to district court reporters, unused annual vacation or sick leave
 43.30 payments, in lump-sum or periodic payments, severance payments, reimbursement of
 43.31 expenses, lump-sum settlements not attached to a specific earnings period, or workers'
 43.32 compensation payments;

43.33 (2) employer-paid amounts used by an employee toward the cost of insurance
 43.34 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
 43.35 care expense accounts, day care expenses, or any payments in lieu of any employer-paid

44.1 group insurance coverage, including the difference between single and family rates that
 44.2 may be paid to a member with single coverage and certain amounts determined by the
 44.3 executive director to be ineligible;

44.4 (3) the amount equal to that which the employing governmental subdivision would
 44.5 otherwise pay toward single or family insurance coverage for a covered employee when,
 44.6 through a contract or agreement with some but not all employees, the employer:

44.7 (i) discontinues, or for new hires does not provide, payment toward the cost of the
 44.8 employee's selected insurance coverages under a group plan offered by the employer;

44.9 (ii) makes the employee solely responsible for all contributions toward the cost of
 44.10 the employee's selected insurance coverages under a group plan offered by the employer,
 44.11 including any amount the employer makes toward other employees' selected insurance
 44.12 coverages under a group plan offered by the employer; and

44.13 (iii) provides increased salary rates for employees who do not have any
 44.14 employer-paid group insurance coverages;

44.15 (4) except as provided in section 353.86 or 353.87, compensation of any kind paid to
 44.16 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
 44.17 35 or 36;

44.18 (5) the amount of compensation that exceeds the limitation provided in section
 44.19 356.611; and

44.20 (6) amounts paid by a federal or state grant for which the grant specifically
 44.21 prohibits grant proceeds from being used to make pension plan contributions, unless the
 44.22 contributions to the plan are made from sources other than the federal or state grant.

44.23 (c) Amounts provided to an employee by the employer through a grievance
 44.24 proceeding or a legal settlement are salary only if the settlement is reviewed by the
 44.25 executive director and the amounts are determined by the executive director to be
 44.26 consistent with paragraph (a) and prior determinations.

44.27 Sec. 53. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

44.28 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
 44.29 means:

44.30 (1) service during years of actual membership in the course of which employee
 44.31 deductions were withheld from salary and contributions were made at the applicable rates
 44.32 under section 353.27, 353.65, or 353E.03;

44.33 (2) periods of service covered by payments in lieu of salary deductions under
 44.34 sections 353.27, subdivision 12, and 353.35;

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

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

45.6 (5) a period of authorized personal, parental, or medical leave of absence without
45.7 pay, including a leave of absence covered under the federal Family Medical Leave Act,
45.8 that does not exceed one year, and for which a member obtained service credit for each
45.9 month in the leave period by payment under section 353.0161 to the fund made in place of
45.10 salary deductions. An employee must return to public service and render a minimum of
45.11 three months of allowable service in order to be eligible to make payment under section
45.12 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
45.13 employee must be granted allowable service credit for the purchased period;

45.14 (6) a periodic, repetitive leave that is offered to all employees of a governmental
45.15 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
45.16 as certified to the association by the employer. A participating member obtains service
45.17 credit by making employee contributions in an amount or amounts based on the member's
45.18 average salary, excluding overtime pay, that would have been paid if the leave had not been
45.19 taken. The employer shall pay the employer and additional employer contributions on
45.20 behalf of the participating member. The employee and the employer are responsible to pay
45.21 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
45.22 from the end of the normal cycle until full payment is made. An employer shall also make
45.23 the employer and additional employer contributions, plus 8.5 percent interest, compounded
45.24 annually, on behalf of an employee who makes employee contributions but terminates
45.25 public service. The employee contributions must be made within one year after the end of
45.26 the annual normal working cycle or within 30 days after termination of public service,
45.27 whichever is sooner. The executive director shall prescribe the manner and forms to be
45.28 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
45.29 payment, the member must be granted allowable service credit for the purchased period;

45.30 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
45.31 months allowable service per authorized temporary or seasonal layoff in one calendar year.
45.32 An employee who has received the maximum service credit allowed for an authorized
45.33 temporary or seasonal layoff must return to public service and must obtain a minimum of
45.34 three months of allowable service subsequent to the layoff in order to receive allowable
45.35 service for a subsequent authorized temporary or seasonal layoff;

46.1 (8) a period during which a member is absent from employment by a governmental
46.2 subdivision by reason of service in the uniformed services, as defined in United States
46.3 Code, title 38, section 4303(13), if the member returns to public service with the same
46.4 governmental subdivision upon discharge from service in the uniformed service within the
46.5 time frames required under United States Code, title 38, section 4312(e), provided that
46.6 the member did not separate from uniformed service with a dishonorable or bad conduct
46.7 discharge or under other than honorable conditions. The service must be credited if the
46.8 member pays into the fund equivalent employee contributions based upon the contribution
46.9 rate or rates in effect at the time that the uniformed service was performed multiplied by
46.10 the full and fractional years being purchased and applied to the annual salary rate. The
46.11 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
46.12 period that the member would have received if the member had continued to be employed
46.13 in covered employment rather than to provide uniformed service, or, if the determination
46.14 of that rate is not reasonably certain, the annual salary rate is the member's average salary
46.15 rate, excluding overtime pay, during the 12-month period of covered employment rendered
46.16 immediately preceding the period of the uniformed service. Payment of the member
46.17 equivalent contributions must be made during a period that begins with the date on which
46.18 the individual returns to public employment and that is three times the length of the
46.19 military leave period, or within five years of the date of discharge from the military service,
46.20 whichever is less. If the determined payment period is less than one year, the contributions
46.21 required under this clause to receive service credit may be made within one year of the
46.22 discharge date. Payment may not be accepted following 30 days after termination of
46.23 public service under subdivision 11a. If the member equivalent contributions provided for
46.24 in this clause are not paid in full, the member's allowable service credit must be prorated
46.25 by multiplying the full and fractional number of years of uniformed service eligible for
46.26 purchase by the ratio obtained by dividing the total member contributions received by the
46.27 total member contributions otherwise required under this clause. The equivalent employer
46.28 contribution, and, if applicable, the equivalent additional employer contribution must be
46.29 paid by the governmental subdivision employing the member if the member makes the
46.30 equivalent employee contributions. The employer payments must be made from funds
46.31 available to the employing unit, using the employer and additional employer contribution
46.32 rate or rates in effect at the time that the uniformed service was performed, applied to the
46.33 same annual salary rate or rates used to compute the equivalent member contribution. The
46.34 governmental subdivision involved may appropriate money for those payments. The
46.35 amount of service credit obtainable under this section may not exceed five years unless a
46.36 longer purchase period is required under United States Code, title 38, section 4312. The

47.1 employing unit shall pay interest on all equivalent member and employer contribution
 47.2 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
 47.3 compounded annually from the end of each fiscal year of the leave or the break in service
 47.4 to the end of the month in which the payment is received. Upon payment, the employee
 47.5 must be granted allowable service credit for the purchased period; or

47.6 (9) a period specified under section 353.0162.

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

47.12 ~~(e) For a public employee who has prior service covered by a local police or~~
 47.13 ~~firefighters relief association that has consolidated with the Public Employees Retirement~~
 47.14 ~~Association under chapter 353A or to which section 353.665 applies, and who has~~
 47.15 ~~elected the type of benefit coverage provided by the public employees police and fire~~
 47.16 ~~fund either under section 353A.08 following the consolidation or under section 353.665,~~
 47.17 ~~subdivision 4, "allowable service" is a period of service credited by the local police or~~
 47.18 ~~firefighters relief association as of the effective date of the consolidation based on law~~
 47.19 ~~and on bylaw provisions governing the relief association on the date of the initiation~~
 47.20 ~~of the consolidation procedure.~~

47.21 ~~(d)~~ (c) No member may receive more than 12 months of allowable service credit in a
 47.22 year either for vesting purposes or for benefit calculation purposes. For an active member
 47.23 who was an active member of the former Minneapolis Firefighters Relief Association
 47.24 on December 29, 2011, "allowable service" is the period of service credited by the
 47.25 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
 47.26 association up to December 30, 2011, and the period of service credited under paragraph
 47.27 (a), clause (1), after December 30, 2011. For an active member who was an active member
 47.28 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
 47.29 service" is the period of service credited by the Minneapolis Police Relief Association as
 47.30 reflected in the transferred records of the association up to December 30, 2011, and the
 47.31 period of service credited under paragraph (a), clause (1), after December 30, 2011.

47.32 ~~(e)~~ (d) MS 2002 [Expired]

47.33 Sec. 54. Minnesota Statutes 2012, section 353.64, subdivision 1a, is amended to read:

47.34 Subd. 1a. **Police and fire plan; other members.** (a) A person who ~~prior to July~~
 47.35 ~~1, 1961, was a member of the police and fire plan, by virtue of being a police officer or~~

48.1 firefighter, shall, as long as the person remains in either position, continue membership in
48.2 the plan.

48.3 ~~(b) A person who was employed by a governmental subdivision as a police officer~~
48.4 ~~and was a member of the police and fire plan on July 1, 1978, by virtue of being a police~~
48.5 ~~officer as defined by this section on that date, and if employed by the same governmental~~
48.6 ~~subdivision in a position in the same department in which the person was employed on~~
48.7 ~~that date, continues to be a member of the plan, whether or not that person has the power~~
48.8 ~~of arrest by warrant and is licensed by the Peace Officers Standards and Training Board~~
48.9 ~~after that date.~~

48.10 ~~(e) (b) A person who was employed as a correctional officer by Rice county before~~
48.11 ~~July 1, 1998, for the duration of employment in the correctional position held on July 1,~~
48.12 ~~1998, continues to be a member of the public employees police and fire plan, whether or~~
48.13 ~~not the person has the power of arrest by warrant and is licensed by the Peace Officers~~
48.14 ~~Standards and Training Board after that date.~~

48.15 ~~(d) A person who was employed by a governmental subdivision as a police officer~~
48.16 ~~or a firefighter, whichever applies, was an active member of the local police or salaried~~
48.17 ~~firefighters relief association located in that governmental subdivision by virtue of that~~
48.18 ~~employment as of the effective date of the consolidation as authorized by sections~~
48.19 ~~353A.01 to 353A.10, and has elected coverage by the public employees police and fire~~
48.20 ~~plan, shall become a member of the police and fire plan after that date if employed by~~
48.21 ~~the same governmental subdivision in a position in the same department in which the~~
48.22 ~~person was employed on that date.~~

48.23 ~~(e) Any police officer or firefighter of a relief association that has consolidated~~
48.24 ~~with the association for which the employee has not elected coverage by the public~~
48.25 ~~employees police and fire plan as provided in sections 353A.01 to 353A.10, or any police~~
48.26 ~~officer or firefighter to whom section 353.665 applies who has not elected coverage by~~
48.27 ~~the public employees police and fire plan as provided in section 353.665, subdivision 4,~~
48.28 ~~must become a member of the public employees police and fire plan, but is not subject~~
48.29 ~~to the provisions of sections 353.651 to 353.659 unless an election for such coverage is~~
48.30 ~~made under section 353.665, subdivision 4.~~

48.31 Sec. 55. Minnesota Statutes 2012, section 353.659, is amended to read:

48.32 **353.659 LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT**
48.33 **BENEFITS.**

48.34 (a) For any person who has had prior service covered by a local police or firefighters
48.35 relief association which has consolidated merged with the public employees police and

49.1 fire retirement association plan and who has elected the type of benefit coverage provided
 49.2 by the public employees police and fire fund benefit plan ~~under section 353A.08 following~~
 49.3 ~~the consolidation~~ as permitted by the applicable law, any the retirement benefits payable
 49.4 are governed by the applicable provisions of this chapter.

49.5 (b) For any person who ~~has had~~ prior service covered by a local police or firefighters
 49.6 relief association which has ~~consolidated~~ merged with the public employees police and fire
 49.7 ~~retirement association plan~~ and who ~~has did not elected~~ elect the type of benefit coverage
 49.8 provided by the public employees police and fire fund benefit plan ~~under section 353A.08~~
 49.9 ~~following the consolidation~~ as permitted by the applicable law, any the retirement benefits
 49.10 payable are governed by the provisions of Minnesota Statutes 2012, sections 353B.01 to
 49.11 353B.13 which apply applied to the applicable former relief association or by section
 49.12 353.6511 or 353.6512, if applicable.

49.13 Sec. 56. Minnesota Statutes 2012, section 353.665, subdivision 1, is amended to read:

49.14 Subdivision 1. **Merger authorized Application.** (a) ~~Notwithstanding any~~
 49.15 ~~provision of law to the contrary, unless the applicable municipality elects otherwise under~~
 49.16 ~~paragraph (b), every~~ This section applies to the local police and fire relief associations or
 49.17 ~~consolidation account under chapter 353A in existence on March 1, 1999, becomes a part~~
 49.18 ~~of accounts that merged with the public employees police and fire plan and fund governed~~
 49.19 ~~by sections 353.63 to 353.659 on July 1, 1999 and are specified in paragraph (b).~~

49.20 (b) ~~If a municipality desires to retain its consolidation account~~ The former local
 49.21 police or fire relief associations or consolidation accounts, whichever applies, the
 49.22 ~~governing body of the municipality must adopt a resolution to that effect and must file a~~
 49.23 ~~copy of the resolution with the secretary of state, the state auditor, the legislative auditor,~~
 49.24 ~~the management and budget commissioner, the revenue commissioner, the executive~~
 49.25 ~~director of the public employees retirement association, and the executive director of~~
 49.26 ~~the Legislative Commission on Pensions and Retirement. The retention election must~~
 49.27 ~~apply to both consolidation accounts if the municipality is associated with more than~~
 49.28 ~~one consolidation account. The retention resolution must be adopted and filed with all~~
 49.29 ~~recipients before June 15, 1999.~~ are:

49.30 (1) the former local police and fire consolidation accounts that merged with the public
 49.31 employees police and fire retirement plan and fund under Laws 1999, chapter 222, article 4;

49.32 (2) the former Minneapolis Firefighters Relief Association;

49.33 (3) the former Minneapolis Police Relief Association;

49.34 (4) the former Fairmont Police Relief Association; and

49.35 (5) the former Virginia Fire Consolidation Account.

50.1 Sec. 57. Minnesota Statutes 2012, section 353.665, subdivision 5, is amended to read:

50.2 Subd. 5. **Benefit coverage for retirees and benefit recipients certain former local**
 50.3 **relief association or consolidation account members.** (a) ~~A person who received a~~
 50.4 ~~Except as provided in paragraph (b), (c), or (d), the annuity, service pension, a disability~~
 50.5 ~~pension or benefit, or a survivor benefit from a merging attributable to or of a former~~
 50.6 ~~member of a former merged local police or fire consolidation account for the month of June~~
 50.7 ~~1999, and who has did not previously elected participation in the Minnesota postretirement~~
 50.8 ~~investment fund for any future postretirement adjustments rather than the postretirement~~
 50.9 ~~adjustment mechanism or mechanisms of the relief association benefit plan under~~
 50.10 ~~section 353A.08, subdivision 1, may elect participation in the Minnesota postretirement~~
 50.11 ~~investment fund for any future postretirement adjustments or retention of the~~
 50.12 ~~postretirement adjustment mechanism or mechanisms of the relief association benefit plan~~
 50.13 ~~as reflected in the applicable provisions of chapter 353B. This election must be in writing~~
 50.14 ~~on a form prescribed by the executive director and must be made before September 1,~~
 50.15 ~~1999. elect coverage by all or a portion of the public employees police and fire retirement~~
 50.16 ~~plan as permitted by applicable law must be calculated or computed under the benefit plan~~
 50.17 ~~provisions of the applicable former local police or paid firefighters relief association.~~

50.18 (b) ~~If an eligible person is a minor, the election must be made by the person's~~
 50.19 ~~parent or legal guardian. If the eligible person makes no affirmative election under this~~
 50.20 ~~subdivision, the person retains the postretirement adjustment mechanism or mechanisms of~~
 50.21 ~~the relief association benefit plan as reflected in the applicable provisions of chapter 353B.~~
 50.22 ~~The annuity, service pension, disability pension or benefit, or survivor benefit attributable~~
 50.23 ~~to or of a former member of the former Minneapolis Firefighters Relief Association or of~~
 50.24 ~~the former Minneapolis Police Relief Association must be calculated or computed under~~
 50.25 ~~sections 353.01, subdivision 10a or 10b, and 353.6511, or 353.6512, whichever applies.~~

50.26 (c) ~~The survivor benefit payable on behalf of any service pension or disability benefit~~
 50.27 ~~recipient who elects participation in the Minnesota postretirement investment fund must~~
 50.28 ~~be calculated under the relief association benefit plan in effect on the effective date of~~
 50.29 ~~consolidation under chapter 353A as reflected in the applicable provisions of chapter 353B.~~
 50.30 ~~The annuity, service pension, disability pension or benefit, or survivor benefit attributable~~
 50.31 ~~to or of a former member of the former Fairmont Police Relief Association must be~~
 50.32 ~~calculated or computed under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48~~
 50.33 ~~to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws~~
 50.34 ~~1999, chapter 222, article 3, section 4, except that the annual base salary figure for pension~~
 50.35 ~~and benefit determinations upon consolidation and for the balance of calendar year 2012 is~~

51.1 \$106,666.67 and after December 31, 2012, annual postretirement adjustments of pensions
 51.2 and benefits in force must be calculated solely under section 356.415, subdivision 1c.

51.3 (d) The annuity, service pension, disability pension or benefit, or survivor benefit
 51.4 attributable to or of a former member of the former Virginia firefighters consolidation
 51.5 account must be calculated or computed under the election made under Minnesota
 51.6 Statutes 2012, section 353A.08, unless the person made a subsequent election under Laws
 51.7 2012, chapter 286, article 11, section 5, subdivision 4, subject to any additional ad hoc
 51.8 postretirement adjustment under Laws 2012, chapter 286, article 11, section 5, subdivision
 51.9 5, paragraph (d).

51.10 Sec. 58. Minnesota Statutes 2012, section 353.665, subdivision 8, is amended to read:

51.11 Subd. 8. **Member and employer contributions.** (a) ~~Effective on the first day of the~~
 51.12 ~~first full pay period following June 30, 1999, Except as provided in paragraph (b), (c),~~
 51.13 ~~or (d), the employee contribution rate for merging merged former consolidation account~~
 51.14 ~~active members is the rate specified in section 353.65, subdivision 2, and the regular~~
 51.15 ~~municipal contribution rate on behalf of merged former consolidation account active~~
 51.16 ~~members is the rate specified in section 353.65, subdivision 3.~~

51.17 (b) ~~The municipality associated with a merging former local consolidation account~~
 51.18 ~~that had a positive value amortizable base calculation under subdivision 7, paragraph (d),~~
 51.19 ~~after the preliminary calculation or the second calculation, whichever applies, must make~~
 51.20 ~~an additional municipal contribution to the public employees police and fire plan for~~
 51.21 ~~the period from January 1, 2000, to December 31, 2009. The amount of the additional~~
 51.22 ~~municipal contribution is the amount calculated by the actuary retained under section~~
 51.23 ~~356.214 and certified by the executive director of the Public Employees Retirement~~
 51.24 ~~Association by which the amortizable base amount would be amortized on a level dollar~~
 51.25 ~~annual end-of-the-year contribution basis, using an 8.5 percent interest rate assumption.~~
 51.26 ~~The additional municipal contribution is payable during the month of January, is without~~
 51.27 ~~any interest, or if made after January 31, but before the next following December 31,~~
 51.28 ~~is payable with interest for the period since January 1 at a rate which is equal to the~~
 51.29 ~~preretirement interest rate assumption specified in section 356.215, subdivision 8,~~
 51.30 ~~applicable to the public employees police and fire fund expressed as a monthly rate and~~
 51.31 ~~compounded on a monthly basis or if made after December 31 of the year in which the~~
 51.32 ~~additional municipal contribution is due is payable with interest at a rate which is four~~
 51.33 ~~percent greater than the highest interest rate assumption specified in section 356.215,~~
 51.34 ~~subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the~~
 51.35 ~~year in which the additional municipal contribution is due until the date on which payment~~

52.1 ~~is made:~~ With respect to active members of the merged former Minneapolis Firefighters
52.2 Relief Association and the merged former Minneapolis Police Relief Association, there are
52.3 no employee contributions payable and the employer contribution on behalf of those active
52.4 members is at the rate specified in section 353.65, subdivision 3, applied to the active
52.5 member's salary. In addition, an additional municipal contribution is payable by the city of
52.6 Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as
52.7 sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded
52.8 present value figure calculated as required by Laws 2011, First Special Session chapter 8,
52.9 article 6, section 14, subdivision 6, paragraph (a), and article 7, section 14, subdivision
52.10 6, paragraph (a). If the postretirement or preretirement interest rate actuarial assumption
52.11 applicable to the public employees police and fire retirement plan under section 356.215,
52.12 subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section
52.13 356.215, subdivision 8, the remainder present value of future benefits amount calculation
52.14 under Laws 2011, First Special Session chapter 8, article 6, section 14, subdivision 6,
52.15 paragraph (a), and article 7, section 14, subdivision 6, paragraph (a), updated for the passage
52.16 of time, must be revised and the amortization contribution by the city of Minneapolis for
52.17 the balance of the amortization period must be redetermined by the actuary retained under
52.18 section 356.214 and certified by the executive director to the city of Minneapolis.

52.19 (c) If there are assets of the former Fairmont Police Relief Association in excess of
52.20 the present value of future benefits as of June 29, 2012, these assets must be credited to an
52.21 interest bearing suspense account within the public employees police and fire retirement
52.22 fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015,
52.23 and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must
52.24 be credited with the same rate of investment return as the public employees police and fire
52.25 retirement fund. If, after June 29, 2012, the postretirement or preretirement interest rate
52.26 actuarial assumption applicable to the public employees police and fire retirement plan
52.27 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
52.28 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future
52.29 benefits amount calculation under paragraph (a), updated for the passage of time, must be
52.30 revised and the amortization contribution by the city of Fairmont for the balance of the
52.31 amortization period must be redetermined by the actuary retained under section 356.214
52.32 and certified by the executive director to the city of Fairmont.

52.33 (d) If there was a remainder present value of future benefits amounts under
52.34 Laws 2012, chapter 286, article 11, section 5, subdivision 5, paragraph (a), the city of
52.35 Virginia shall pay an additional municipal contribution annually on or before December
52.36 31 sufficient to amortize on a level annual dollar basis by December 31, 2020, that

53.1 remainder present value of future benefits amounts of the former Virginia fire department
 53.2 consolidation account. If, after June 29, 2012, the postretirement or preretirement interest
 53.3 rate actuarial assumption applicable to the public employees police and fire retirement plan
 53.4 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
 53.5 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future
 53.6 benefits amount calculation under paragraph (a), updated for the passage of time, must be
 53.7 revised and any amortization contribution by the city of Virginia for the balance of the
 53.8 amortization period must be redetermined by the actuary retained under section 356.214
 53.9 and certified by the executive director to the city of Virginia.

53.10 Sec. 59. Minnesota Statutes 2012, section 353.71, subdivision 1, is amended to read:

53.11 Subdivision 1. **Eligibility.** Any person who has been a member of a defined
 53.12 benefit retirement plan administered by the Public Employees Retirement Association,
 53.13 or a retirement plan administered by the Minnesota State Retirement System, or the
 53.14 Teachers Retirement Association, or any other public retirement system in the state of
 53.15 Minnesota having a like provision, except a retirement plan providing benefits for police
 53.16 officers or firefighters governed by sections ~~69.77 or~~ 69.771 to 69.776, or by sections 31
 53.17 to 43, is entitled, when qualified, to an annuity from each retirement plan if the total
 53.18 allowable service in all retirement plans or in any two of these retirement plans totals the
 53.19 number of years of allowable service required to receive a normal retirement annuity for
 53.20 that retirement plan, provided that no portion of the allowable service upon which the
 53.21 retirement annuity from one retirement plan is based is again used in the computation for
 53.22 benefits from another retirement plan and provided further that the person has not taken a
 53.23 refund from any one of these retirement plans since the person's membership in that
 53.24 association or system last terminated. The annuity from each fund must be determined by
 53.25 the appropriate provisions of the law except that the requirement that a person must have
 53.26 at least a specific minimum period of allowable service in the respective association or
 53.27 system does not apply for the purposes of this section if the combined service in two or
 53.28 more of these retirement plans equals the number of years of allowable service required to
 53.29 receive a normal retirement annuity for that retirement plan.

53.30 Sec. 60. Minnesota Statutes 2012, section 356.20, subdivision 2, is amended to read:

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

53.33 (1) the general state employees retirement plan of the Minnesota State Retirement
 53.34 System;

- 54.1 (2) the general employees retirement plan of the Public Employees Retirement
 54.2 Association;
- 54.3 (3) the Teachers Retirement Association;
- 54.4 (4) the State Patrol retirement plan;
- 54.5 (5) the St. Paul Teachers Retirement Fund Association;
- 54.6 (6) the Duluth Teachers Retirement Fund Association;
- 54.7 (7) the University of Minnesota faculty retirement plan;
- 54.8 (8) the University of Minnesota faculty supplemental retirement plan;
- 54.9 (9) the judges retirement fund;
- 54.10 (10) ~~a police or firefighter's relief association specified or described in section 69.77,~~
 54.11 ~~subdivision 1a~~ the Bloomington Fire Department Relief Association;
- 54.12 (11) a volunteer firefighter relief association governed by section 69.771, subdivision
 54.13 1;
- 54.14 (12) the public employees police and fire plan of the Public Employees Retirement
 54.15 Association;
- 54.16 (13) the correctional state employees retirement plan of the Minnesota State
 54.17 Retirement System;
- 54.18 (14) the local government correctional service retirement plan of the Public
 54.19 Employees Retirement Association; and
- 54.20 (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

54.21 Sec. 61. Minnesota Statutes 2012, section 356.215, subdivision 18, is amended to read:

54.22 Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the
 54.23 actuarial assumptions used for the preparation of actuarial valuations under this section
 54.24 that are other than preretirement interest, postretirement interest, salary increase, and
 54.25 payroll increase may be changed only with the approval of the Legislative Commission on
 54.26 Pensions and Retirement or after a period of one year has elapsed since the date on which
 54.27 the proposed assumption change or changes were received by the Legislative Commission
 54.28 on Pensions and Retirement without commission action.

54.29 (b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial
 54.30 valuations under this section that are other than postretirement interest and preretirement
 54.31 interest may be changed only with the approval of the Legislative Commission on
 54.32 Pensions and Retirement or after a period of one year has elapsed since the date on which
 54.33 the proposed assumption change or changes were received by the Legislative Commission
 54.34 on Pensions and Retirement without commission action.

55.1 (c) A change in the applicable actuarial assumptions may be proposed by the
 55.2 governing board of the applicable pension fund or relief association, by the actuary
 55.3 retained by the joint retirement systems under section 356.214 or by the actuary retained
 55.4 by a local police or firefighters relief association governed by sections ~~69.77~~ or 69.771 to
 55.5 69.776 or by sections 31 to 43, if one is retained.

55.6 Sec. 62. Minnesota Statutes 2012, section 356.216, is amended to read:

55.7 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL**
 55.8 **POLICE AND FIRE FUNDS MONTHLY VOLUNTEER FIREFIGHTER RELIEF**
 55.9 **ASSOCIATIONS.**

55.10 The provisions of section 356.215 that govern the contents of actuarial valuations
 55.11 ~~must apply to the Bloomington Fire Department Relief Association and to any local police~~
 55.12 ~~or fire pension fund or~~ monthly volunteer firefighter relief association required to make
 55.13 an actuarial report under this section, except as follows:

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

55.19 (2) ~~(1)~~ in lieu of the amortization date specified in section 356.215, subdivision
 55.20 11, the appropriate amortization target date specified in clause (2) or section ~~69.77,~~
 55.21 ~~subdivision 4, or 69.773, subdivision 4, clause paragraph~~ (c), must be used in calculating
 55.22 any required amortization contribution, ~~except that if the actuarial report;~~

55.23 (2) for the Bloomington Fire Department Relief Association ~~indicates an, any~~
 55.24 ~~unfunded actuarial accrued liability, the unfunded obligation is to~~ must be amortized on
 55.25 a level dollar basis by December 31 of the year occurring 20 years later after the year
 55.26 in which the unfunded actuarial accrued liability initially occurred, and, if subsequent
 55.27 actuarial valuations for the Bloomington Fire Department Relief Association ~~determine~~
 55.28 indicate a net actuarial experience loss incurred during the year which ended as of the day
 55.29 before the most recent actuarial valuation date, any unfunded actuarial accrued liability
 55.30 due to that loss is to be amortized on a level dollar basis by December 31 of the year
 55.31 occurring 20 years later after the year in which the net actuarial experience loss occurred;

55.32 (3) in addition to the tabulation of active members and annuitants provided for in
 55.33 section 356.215, subdivision 13, ~~the member contributions for active members for the~~
 55.34 ~~calendar year and the prospective annual retirement annuities~~ service pensions under the
 55.35 benefit plan for active members must be reported;

56.1 (4) actuarial valuations required under section 40 must be made annually and
 56.2 actuarial valuations required under section 69.773, subdivision 2, must be made at least
 56.3 every four years and actuarial valuations required under section 69.77 shall be made
 56.4 annually or as frequently as required by generally accepted accounting principles in the
 56.5 government sector, whichever frequency requirement is shorter;

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

56.11 (i) for active members:

56.12 1. (A) retirement benefits or service pensions;

56.13 2. (B) disability benefits; and

56.14 3. ~~refund liability due to death or withdrawal;~~

56.15 4. (C) survivors' benefits;

56.16 (ii) for deferred annuitants' benefits;

56.17 (iii) for former members without vested rights;

56.18 (iv) for annuitants;:

56.19 1. (A) retirement annuities or service pensions;

56.20 2. (B) disability annuities; and

56.21 3. ~~surviving spouses' annuities;~~

56.22 4. ~~surviving children's annuities;~~ (C) survivor benefits.

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

56.25 (6) actuarial valuations are due to be filed with the state auditor by the first day of
 56.26 the seventh month after the end of the fiscal year which the actuarial valuation covers.

56.27 Sec. 63. Minnesota Statutes 2012, section 356.219, subdivision 1, is amended to read:

56.28 Subdivision 1. **Report required.** (a) The State Board of Investment, on behalf
 56.29 of the public pension funds and programs for which it is the investment authority, and
 56.30 any Minnesota public pension plan that is not fully invested through the State Board of
 56.31 Investment, including the Bloomington Fire Department Relief Association and a local
 56.32 ~~police or volunteer~~ firefighters relief association governed by sections ~~69.77 or~~ 69.771 to
 56.33 69.775, shall report the information specified in subdivision 3 to the state auditor. The
 56.34 state auditor may prescribe a form or forms for the purposes of the reporting requirements
 56.35 contained in this section.

57.1 (b) The Bloomington Fire Department Relief Association and a local police or
 57.2 volunteer firefighters relief association governed by section 69.77 or sections 69.771 to
 57.3 69.775 is fully invested during a given calendar year for purposes of this section if all
 57.4 assets of the applicable pension plan beyond sufficient cash equivalent investments to
 57.5 cover six months expected expenses are invested under section 11A.17. The board of any
 57.6 fully invested public pension plan remains responsible for submitting investment policy
 57.7 statements and subsequent revisions as required by subdivision 3, paragraph (a).

57.8 (c) For purposes of this section, the State Board of Investment is considered to be
 57.9 the investment authority for any Minnesota public pension fund required to be invested by
 57.10 the State Board of Investment under section 11A.23, or for any Minnesota public pension
 57.11 fund authorized to invest in the supplemental investment fund under section 11A.17 and
 57.12 which is fully invested by the State Board of Investment.

57.13 (d) This section does not apply to the following plans:

- 57.14 (1) the Minnesota unclassified employees retirement program under chapter 352D;
- 57.15 (2) the public employees defined contribution plan under chapter 353D;
- 57.16 (3) the individual retirement account plans under chapters 354B and 354D;
- 57.17 (4) the higher education supplemental retirement plan under chapter 354C;
- 57.18 (5) any alternative retirement benefit plan established under section 383B.914; and
- 57.19 (6) the University of Minnesota faculty retirement plan.

57.20 Sec. 64. Minnesota Statutes 2012, section 356.219, subdivision 2, is amended to read:

57.21 Subd. 2. **Asset class definition.** (a) For purposes of this section, "asset class"
 57.22 means any of the following asset groupings as authorized in applicable law, bylaws, or
 57.23 articles of incorporation:

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

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

57.31 (3) stocks or convertible issues of any corporation organized under laws of the
 57.32 United States or any state, or the Dominion of Canada or its provinces, or any corporation
 57.33 listed on the New York Stock Exchange or the American Stock Exchange;

57.34 (4) international stocks or convertible issues;

57.35 (5) international debt securities; and

58.1 (6) real estate and venture capital.

58.2 (b) If the pension plan is investing ~~under section 69.77, subdivision 9, section 69.775,~~
 58.3 ~~or any other applicable law,~~ in open-end investment companies registered under the
 58.4 federal Investment Company Act of 1940, or in the Minnesota supplemental investment
 58.5 fund under section 11A.17, this investment must be included under an asset class indicated
 58.6 in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes
 58.7 underlying securities from more than one asset class as indicated by paragraph (a), clauses
 58.8 (1) through (6), the investment may be treated as a separate asset class.

58.9 Sec. 65. Minnesota Statutes 2012, section 356.219, subdivision 8, is amended to read:

58.10 Subd. 8. **Timing of reports.** (a) For ~~salaried firefighter relief associations, police~~
 58.11 ~~the Bloomington Fire Department Relief associations, Association and the volunteer~~
 58.12 firefighter relief associations, the information required under this section must be
 58.13 submitted by the due date for reports required under section 69.051, subdivision 1 or 1a,
 58.14 as applicable. If a relief association satisfies the definition of a fully invested plan under
 58.15 subdivision 1, paragraph (b), for the calendar year covered by the report required under
 58.16 section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of
 58.17 the covered pension plan shall certify that compliance on a form prescribed by the state
 58.18 auditor. The state auditor shall transmit annually to the State Board of Investment a list or
 58.19 lists of covered pension plans which submitted certifications in order to facilitate reporting
 58.20 by the State Board of Investment under paragraph (c).

58.21 (b) For the St. Paul Teachers Retirement Fund Association, the Duluth Teachers
 58.22 Retirement Fund Association, and the University of Minnesota faculty supplemental
 58.23 retirement plan, the information required under this section must be submitted to the state
 58.24 auditor by June 1 of each year.

58.25 (c) The State Board of Investment, on behalf of pension funds specified in
 58.26 subdivision 1, paragraph (c), must report information required under this section by
 58.27 September 1 of each year.

58.28 Sec. 66. Minnesota Statutes 2012, section 356.406, subdivision 1, is amended to read:

58.29 Subdivision 1. **Definitions.** (a) Each of the words or terms defined in this
 58.30 subdivision has the meaning indicated.

58.31 (b) "Public pension plan" means any retirement plan or fund enumerated in section
 58.32 356.20, subdivision 2, or 356.30, subdivision 3, the Bloomington Fire Department Relief
 58.33 Association, any relief association governed by ~~section 69.77~~ or sections 69.771 to
 58.34 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin County

59.1 supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing
59.2 and redevelopment authority retirement plan.

59.3 (c) "Public pension plan member" means a person who is a participant covered by
59.4 a public pension plan; a former participant of a public pension plan who has sufficient
59.5 service to be entitled to receive a future retirement annuity or service pension; a recipient
59.6 of a retirement annuity, service pension, or disability benefit from a public pension plan; or
59.7 a former participant of a public pension plan who has member or employee contributions
59.8 to the person's credit in the public pension plan.

59.9 (d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a
59.10 joint annuitant, a designated recipient of a second or remainder portion of an optional
59.11 annuity form, a beneficiary, or the estate of a deceased public pension plan member, as
59.12 those terms are commonly understood or defined in the benefit plan document of the
59.13 public pension plan.

59.14 (e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit,
59.15 second or remainder portion of an optional annuity form, a death benefit, a funeral benefit,
59.16 or a refund of member or employee contributions payable on account of the death of a
59.17 public pension plan member as provided for in the benefit plan document of the public
59.18 pension plan.

59.19 Sec. 67. Minnesota Statutes 2012, section 356A.01, subdivision 19, is amended to read:

59.20 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a
59.21 pension plan, other than the general fund, as reserves for present and future payment
59.22 of benefits and administrative expenses. For the Bloomington Fire Department Relief
59.23 Association or a retirement plan governed by section 69.77 or by chapter 424A, the term
59.24 means the relief association special fund.

59.25 Sec. 68. Minnesota Statutes 2012, section 356A.06, subdivision 4, is amended to read:

59.26 Subd. 4. **Economic interest statement.** (a) Each member of the governing board
59.27 of a covered pension plan and the chief administrative officer of the plan shall file with
59.28 the plan a statement of economic interest.

59.29 (b) For a covered pension plan other than a plan specified in paragraph (c), the
59.30 statement must contain the information required by section 10A.09, subdivision 5, and
59.31 any other information that the fiduciary or the governing board of the plan determines is
59.32 necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

59.33 (c) For a covered pension plan governed by sections 69.771 to 69.776 or a covered
59.34 ~~pension plan governed by section 69.77~~ with the Bloomington Fire Department Relief

60.1 Association if its special fund assets are under \$8,000,000, the statement must contain
 60.2 the following:

60.3 (1) the person's principal occupation and principal place of business;

60.4 (2) whether or not the person has an ownership of or interest of ten percent or greater
 60.5 in an investment security brokerage business, a real estate sales business, an insurance
 60.6 agency, a bank, a savings and loan, or another financial institution; and

60.7 (3) any relationship or financial arrangement that can reasonably be expected to
 60.8 give rise to a conflict of interest.

60.9 (d) The statement must be filed annually with the chief administrative officer of
 60.10 the plan and be available for public inspection during regular office hours at the office
 60.11 of the pension plan.

60.12 (e) A disclosure form meeting the requirements of the federal Investment Advisers
 60.13 Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and
 60.14 filed with the State Board of Investment or the pension plan meets the requirements of
 60.15 this subdivision.

60.16 (f) The chief administrative officer of each covered pension plan, by January 15,
 60.17 annually, shall transmit a certified listing of all individuals who have filed statements of
 60.18 economic interest with the plan under this subdivision during the preceding 12 months
 60.19 and the address of the office referenced in paragraph (d) to the Campaign Finance and
 60.20 Public Disclosure Board.

60.21 Sec. 69. Minnesota Statutes 2012, section 356A.07, subdivision 2, is amended to read:

60.22 Subd. 2. **Annual financial report.** A covered pension plan shall provide each
 60.23 active plan participant and benefit recipient with a copy of the most recent annual financial
 60.24 report required by section 356.20 and a copy of the most recent actuarial evaluation,
 60.25 if any, required by section ~~69.77~~, 69.773, 356.215, or 356.216, or by section 40, or a
 60.26 summary of those reports.

60.27 Sec. 70. Minnesota Statutes 2012, section 423A.02, subdivision 1, is amended to read:

60.28 Subdivision 1. **Amortization state aid.** ~~(a) A municipality in which is located a local~~
 60.29 ~~police or salaried firefighters relief association to which the provisions of section 69.77,~~
 60.30 ~~apply, that had an unfunded actuarial accrued liability in the most recent relief association~~
 60.31 ~~actuarial valuation, is entitled, upon application as required by the commissioner of~~
 60.32 ~~revenue, to receive local police and salaried firefighters' relief association amortization~~
 60.33 ~~state aid if the municipality and the appropriate relief association both comply with the~~
 60.34 ~~applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and~~

61.1 ~~69.77. The cities of Fairmont and Minneapolis are entitled, subject to subdivisions 2, 4,~~
 61.2 ~~and 5, to receive amortization state aid under this section.~~

61.3 (b) The total amount of amortization state aid to all entitled municipalities must not
 61.4 exceed ~~\$5,055,000~~ the appropriation under subdivision 3a.

61.5 (c) ~~Subject to the adjustment for the city of Minneapolis provided in this paragraph,~~
 61.6 ~~the amount of amortization state aid to which a municipality is entitled annually is an~~
 61.7 ~~amount equal to the level annual dollar amount required to amortize, by December 31,~~
 61.8 ~~2010, the unfunded actuarial accrued liability of the special fund of the appropriate~~
 61.9 ~~relief association as reported in the December 31, 1978, actuarial valuation of the relief~~
 61.10 ~~association prepared under sections 356.215 and 356.216, reduced by the dollar amount~~
 61.11 ~~required to pay the interest on the unfunded actuarial accrued liability of the special fund of~~
 61.12 ~~the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes~~
 61.13 ~~1978, section 356.215, subdivision 8. For the city of Minneapolis, the amortization state~~
 61.14 ~~aid amount thus determined must be reduced by \$747,232 on account of the former~~
 61.15 ~~Minneapolis Police Relief Association and by \$772,768 on account of the former~~
 61.16 ~~Minneapolis Fire Department Relief Association. The amortization state aid amounts are:~~

<u>City</u>	<u>Aid Amount</u>
<u>Fairmont</u>	<u>\$24,172</u>
<u>Minneapolis</u>	<u>\$2,728,547</u>

61.20 If the amortization state aid amounts determined under this paragraph exceed the
 61.21 amount appropriated for this purpose under subdivision 3a, the amortization state aid for
 61.22 actual allocation must be reduced pro rata.

61.23 (d) Each municipality is eligible for an amortization state aid payment in a fiscal
 61.24 year if:

61.25 (1) for Fairmont, the executive director of the Public Employees Retirement
 61.26 Association certifies on or before June 30 that a municipal contribution with respect to the
 61.27 former Fairmont Police Relief Association is payable in the upcoming fiscal year under
 61.28 section 353.665, subdivision 8, paragraph (c); and

61.29 (2) for Minneapolis, the executive director of the Public Employees Retirement
 61.30 Association certifies on or before June 30 that an additional employer contribution with
 61.31 respect to either the former Minneapolis Firefighters Relief Association or the former
 61.32 Minneapolis Police Relief Association is payable in the upcoming fiscal year under section
 61.33 353.665, subdivision 8, paragraph (b).

61.34 Payment of amortization state aid to municipalities must be made ~~directly~~ to
 61.35 the municipalities involved in three equal installments on July 15, September 15, and
 61.36 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer

62.1 shall transmit the aid amount to the ~~treasurer~~ custodian of the local relief association trust
 62.2 fund or to the executive director of the public employees police and fire retirement fund,
 62.3 whichever applies, for immediate deposit in the special fund of the relief association.

62.4 (e) The commissioner of revenue shall administer the amortization state aid program.
 62.5 The commissioner shall prescribe and periodically revise, as necessary, the form for and
 62.6 required content of the application certifications for the amortization state aid.

62.7 (f) ~~The amount required under this section, as provided in subdivision 3a, is~~
 62.8 ~~appropriated annually from the general fund to the commissioner of revenue.~~

62.9 Sec. 71. Minnesota Statutes 2012, section 423A.02, subdivision 1b, is amended to read:

62.10 Subd. 1b. **Additional amortization state aid.** (a) ~~Annually, on October 1, the~~
 62.11 ~~commissioner of revenue shall allocate the additional amortization state aid transferred~~
 62.12 ~~under section 69.021, subdivision 11, to:~~

62.13 (1) ~~all police or salaried firefighters relief associations governed by and in full~~
 62.14 ~~compliance with the requirements of section 69.77, that had an unfunded actuarial accrued~~
 62.15 ~~liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the~~
 62.16 ~~preceding December 31;~~

62.17 (2) ~~all local police or salaried firefighter consolidation accounts governed by chapter~~
 62.18 ~~353A that are certified by the executive director of the public employees retirement~~
 62.19 ~~association as having for the current fiscal year an additional municipal contribution~~
 62.20 ~~amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented~~
 62.21 ~~section 353A.083, subdivision 1, if the effective date of the consolidation preceded May~~
 62.22 ~~24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date~~
 62.23 ~~of the consolidation preceded June 1, 1995; and~~

62.24 (3) ~~the municipalities that are required to make an additional municipal contribution~~
 62.25 ~~under section 353.665, subdivision 8; 353.667, subdivision 6; or 353.668, subdivision~~
 62.26 ~~6, for the duration of the required additional contribution.~~

62.27 (b) ~~The commissioner shall allocate the state aid on the basis of the proportional share~~
 62.28 ~~of the relief association or consolidation account of the total unfunded actuarial accrued~~
 62.29 ~~liability of all recipient relief associations and consolidation accounts as of December 31,~~
 62.30 ~~1993, for relief associations, and as of June 30, 1994, for consolidation accounts.~~

62.31 (e) (a) Beginning October 1, 2000 2013, and annually thereafter, the commissioner
 62.32 shall allocate the additional amortization state aid, including any state aid in excess of the
 62.33 limitation in subdivision 4, on the following basis:

63.1 ~~(1) 64.5 percent to the municipalities to which section 353.665, subdivision~~
 63.2 ~~8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in~~
 63.3 ~~accordance with paragraph (b) and subject to the limitation in subdivision 4;~~

63.4 ~~(2) 34.2 (1) 47.1 percent to the city of Minneapolis to fund any unfunded actuarial~~
 63.5 ~~accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216~~
 63.6 ~~as of the preceding December 31 for the Minneapolis Police Relief Association or the~~
 63.7 ~~Minneapolis Fire Department Relief Association; and defray the employer costs associated~~
 63.8 ~~with police and firefighter retirement coverage;~~

63.9 ~~(2) 25.8 percent as additional funding to support the minimum fire state aid for~~
 63.10 ~~volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);~~

63.11 ~~(3) 12.9 percent to the city of Duluth to defray employer costs associated with~~
 63.12 ~~police and firefighter retirement coverage;~~

63.13 ~~(4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the~~
 63.14 ~~investment performance requirement of paragraph (c) is met; and~~

63.15 ~~(3) (5) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued~~
 63.16 ~~liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the~~
 63.17 ~~preceding December 31 for the Virginia Fire Department Relief Association defray the~~
 63.18 ~~employer contribution under section 353.665, subdivision 8, paragraph (d).~~

63.19 ~~If there is no unfunded actuarial accrued liability in both additional employer~~
 63.20 ~~contribution under section 353.665, subdivision 8, paragraph (b), certified under~~
 63.21 ~~subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police~~
 63.22 ~~Relief Association and the former Minneapolis Fire Department Relief Association as~~
 63.23 ~~disclosed in the most recent actuarial valuations for the relief associations prepared under~~
 63.24 ~~sections 356.215 and 356.216, the commissioner shall allocate that 34.2 47.1 percent~~
 63.25 ~~of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent~~
 63.26 ~~to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional~~
 63.27 ~~funding to support minimum fire state aid for volunteer firefighters relief associations. If~~
 63.28 ~~there is no unfunded actuarial accrued liability in employer contribution by the city of~~
 63.29 ~~Virginia Fire Department Relief Association as disclosed in the most recent actuarial~~
 63.30 ~~valuation for the relief association prepared under sections 356.215 and 356.216 under~~
 63.31 ~~section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department~~
 63.32 ~~Relief Association certified on or before June 30 by the executive director of the Public~~
 63.33 ~~Employees Retirement Association, the commissioner shall allocate that 1.3 percent~~
 63.34 ~~of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent~~
 63.35 ~~to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional~~
 63.36 ~~funding to support minimum fire state aid for volunteer firefighters relief associations.~~

64.1 Upon the final payment to municipalities required by section 353.665, subdivision 8,
 64.2 paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate
 64.3 that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement
 64.4 Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial
 64.5 accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216
 64.6 as of the preceding December 31 for the Minneapolis Police Relief Association or the
 64.7 Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for
 64.8 any costs associated with the police and firefighters pensions, and 40 percent as additional
 64.9 funding to support minimum fire state aid for volunteer firefighters relief associations.

64.10 (b) The allocation must be made by the commissioner at the same time and under the
 64.11 same procedures as specified in subdivision 3 of revenue on October 1 annually.

64.12 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually,
 64.13 beginning on July 1, 2005, if the applicable teacher's association five-year average
 64.14 time-weighted rate of investment return does not equal or exceed the performance of a
 64.15 composite portfolio assumed passively managed (indexed) invested ten percent in cash
 64.16 equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic
 64.17 stock calculated using the formula under section 11A.04, clause (11), the aid allocation
 64.18 to that the retirement fund under this section ceases until the five-year annual rate of
 64.19 investment return equals or exceeds the performance of that composite portfolio.

64.20 (d) The amounts required under this subdivision are the amounts annually
 64.21 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
 64.22 paragraph (e), and the aid amounts in excess of the limitation in subdivision 4.

64.23 Sec. 72. Minnesota Statutes 2012, section 423A.02, subdivision 2, is amended to read:

64.24 Subd. 2. **Continued eligibility.** A municipality that has qualified for amortization
 64.25 state aid under subdivision 1 on December 31, 1984, and has an additional municipal
 64.26 contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most
 64.27 recent December 31, continues upon application to be entitled to receive amortization
 64.28 state aid under subdivision 1 and supplementary amortization state aid under subdivision
 64.29 1a, after the local police or salaried firefighters' relief association has been consolidated
 64.30 into the public employees police and fire fund. If a municipality loses entitlement for
 64.31 amortization state aid and supplementary amortization state aid in any year because of
 64.32 not having an additional municipal contribution under section 353A.09, subdivision 5,
 64.33 paragraph (b), the municipality is not entitled to the aid amounts in any subsequent year. A
 64.34 municipality that received amortization aid in 1999 and is required to make an additional
 64.35 municipal contribution under section 353.665, subdivision 8, continues to qualify for the

65.1 ~~amortization state aid and the supplemental amortization aid until December 31, 2009~~
 65.2 received amortization aid in 2011 and is required to make a municipal contribution under
 65.3 section 353.665, subdivision 8, paragraph (b), (c), or (d), whichever applies, continues to
 65.4 qualify for amortization state aid for the duration of the applicable municipal contribution.

65.5 Sec. 73. Minnesota Statutes 2012, section 423A.02, subdivision 3, is amended to read:

65.6 Subd. 3. **Reallocation of amortization or supplementary amortization state**
 65.7 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
 65.8 amortization aid ~~and supplemental amortization aid~~ distributed under subdivisions 1
 65.9 and 1a that is not distributed for any reason to a municipality ~~for use by a local police~~
 65.10 ~~or salaried fire relief association~~ must be distributed by the commissioner of revenue
 65.11 according to this paragraph. The commissioner shall distribute 50 percent of the amounts
 65.12 derived under this paragraph to the Teachers Retirement Association, ten percent to the
 65.13 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers
 65.14 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the
 65.15 respective funds. These payments ~~shall~~ must be made on ~~or before June 30~~ July 15 each
 65.16 fiscal year. If the St. Paul Teachers Retirement Fund Association or if the Duluth Teachers
 65.17 Retirement Fund Association becomes fully funded, ~~its~~ the association's eligibility for its
 65.18 portion of this aid ceases. Amounts remaining in the undistributed balance account at the
 65.19 end of the biennium if aid eligibility ceases cancel to the general fund.

65.20 (b) In order to receive amortization and supplementary amortization aid under
 65.21 paragraph (a), ~~prior to~~ before June 30 annually Independent School District No. 625, St.
 65.22 Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers
 65.23 Retirement Fund Association.

65.24 (c) Thirty percent of the difference between \$5,720,000 and the current year
 65.25 amortization aid ~~and supplemental amortization aid~~ under subdivisions 1 and 1a that is not
 65.26 distributed for any reason to a municipality ~~for use by a local police or salaried firefighter~~
 65.27 ~~relief association~~ must be distributed under section 69.021, subdivision 7, paragraph (d),
 65.28 as additional funding to support a minimum fire state aid amount for volunteer firefighter
 65.29 relief associations.

65.30 Sec. 74. Minnesota Statutes 2012, section 423A.02, subdivision 3a, is amended to read:

65.31 Subd. 3a. **Appropriations for amortization state aid; supplementary**
 65.32 **amortization state aid; and amortization state aid and supplementary state aid**
 65.33 **reallocations.** ~~\$4,720,000~~ \$5,720,000 is annually appropriated from the general fund to
 65.34 the commissioner of revenue for amortization state aid under subdivision 1, and for the

66.1 reallocation of amortization aid under subdivision 3. ~~\$1,000,000 is annually appropriated~~
 66.2 ~~from the general fund to the commissioner of revenue for supplementary amortization~~
 66.3 ~~state aid under subdivision 1a, and for the reallocation of supplementary amortization state~~
 66.4 ~~aid under subdivision 3.~~

66.5 Sec. 75. Minnesota Statutes 2012, section 423A.02, subdivision 4, is amended to read:

66.6 Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid,
 66.7 ~~supplemental amortization aid,~~ and additional amortization aid under this section payable
 66.8 to a municipality to which section 353.665, subdivision 8, paragraph (b), (c), or (d),
 66.9 applies, may not exceed the amount of the additional municipal contribution payable by
 66.10 an individual municipality under section 353.665, subdivision 8, paragraph (b), (c), or (d).

66.11 (b) Any aid amount in excess of the limit under this subdivision for an individual
 66.12 municipality must be redistributed to the other municipalities to which section 353.665,
 66.13 subdivision 8, paragraph (b), (c), or (d), applies. The excess aid must be distributed in
 66.14 proportion to each municipality's additional municipal contribution under section 353.665,
 66.15 subdivision 8, paragraph (b), (c), or (d).

66.16 (c) When the total aid for each municipality under this section equals the limit under
 66.17 paragraph (a), any aid in excess of the limit must be redistributed under subdivision 1b.

66.18 Sec. 76. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

66.19 Subd. 5. **Termination of state aid programs.** The amortization state aid,
 66.20 ~~supplemental amortization state aid,~~ and additional amortization state aid programs
 66.21 terminate as of the December 31, next following the date of the actuarial valuation when
 66.22 the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial
 66.23 accrued liability of that plan or December 31, 2009 when the assets of the Duluth Teachers
 66.24 Retirement Fund Association equal the actuarial accrued liability of that plan, whichever
 66.25 is later.

66.26 Sec. 77. Minnesota Statutes 2012, section 424A.001, subdivision 4, is amended to read:

66.27 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters' relief
 66.28 association" means a volunteer firefighters' relief association or a volunteer firefighters'
 66.29 division or account of a partially salaried and partially volunteer firefighters' relief
 66.30 association that is:

66.31 (1) organized and incorporated as a nonprofit corporation to provide retirement
 66.32 benefits to volunteer firefighters under chapter 317A and any laws of the state;

66.33 (2) governed by this chapter and sections 69.771 to 69.775; and

67.1 (3) directly associated with:

67.2 (i) a fire department established by municipal ordinance;

67.3 (ii) an independent nonprofit firefighting corporation that is organized under the
67.4 provisions of chapter 317A and that operates primarily for firefighting purposes; or

67.5 (iii) a fire department operated as or by a joint powers entity that operates primarily
67.6 for firefighting purposes.

67.7 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

67.8 (1) the Bloomington Fire Department Relief Association governed by ~~section 69.77~~
67.9 sections 31 to 43; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446,
67.10 as amended; or

67.11 (2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed
67.12 by chapter 353G.

67.13 (c) A relief association or volunteer firefighters' relief association is a governmental
67.14 entity that receives and manages public money to provide retirement benefits for individuals
67.15 providing the governmental services of firefighting and emergency first response.

67.16 Sec. 78. Minnesota Statutes 2012, section 424A.02, subdivision 9, is amended to read:

67.17 **Subd. 9. Limitation on ancillary benefits.** A defined benefit relief association,
67.18 including any volunteer firefighters relief association governed by ~~section 69.77~~ sections
67.19 31 to 43 or any volunteer firefighters division of a relief association governed by chapter
67.20 424, may only pay ancillary benefits which would constitute an authorized disbursement
67.21 as specified in section 424A.05 subject to the following requirements or limitations:

67.22 (1) with respect to a defined benefit relief association in which governing bylaws
67.23 provide solely for a lump-sum service pension to a retiring member, or provide a retiring
67.24 member the choice of either a lump-sum service pension or a monthly service pension
67.25 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any
67.26 former member or paid to any person on behalf of any former member after the former
67.27 member (i) terminates active service with the fire department and active membership
67.28 in the relief association; and (ii) commences receipt of a service pension as authorized
67.29 under this section; and

67.30 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
67.31 payable to any member, to any former member, or to any person on behalf of any member
67.32 or former member, may exceed in amount the total earned service pension of the member
67.33 or former member. The total earned service pension must be calculated by multiplying
67.34 the service pension amount specified in the bylaws of the relief association at the time of
67.35 death or disability, whichever applies, by the years of service credited to the member or

68.1 former member. The years of service must be determined as of (i) the date the member or
68.2 former member became entitled to the ancillary benefit; or (ii) the date the member or
68.3 former member died entitling a survivor or the estate of the member or former member to
68.4 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
68.5 member had attained the minimum amount of service and membership credit specified in
68.6 the governing bylaws. For active members, the amount of a permanent disability benefit
68.7 or a survivor benefit must be equal to the member's total earned service pension except
68.8 that the bylaws of a defined benefit relief association may provide for the payment of a
68.9 survivor benefit in an amount not to exceed five times the yearly service pension amount
68.10 specified in the bylaws on behalf of any member who dies before having performed five
68.11 years of active service in the fire department with which the relief association is affiliated.

68.12 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
68.13 incorporation or bylaws, the benefit must be paid:

68.14 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

68.15 (B) as a survivor benefit to the surviving children of the deceased firefighter if
68.16 no surviving spouse;

68.17 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
68.18 surviving spouse or surviving children; or

68.19 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
68.20 surviving children and no beneficiary designated.

68.21 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
68.22 wholly or partially, the spouse's entitlement to a survivor benefit.

68.23 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
68.24 incorporation or bylaws, the benefit must be paid:

68.25 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

68.26 (B) as a survivor benefit to the surviving children of the deceased firefighter if
68.27 no surviving spouse;

68.28 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
68.29 surviving spouse or surviving children; or

68.30 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
68.31 surviving spouse, no surviving children, and no beneficiary designated.

68.32 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
68.33 wholly or partially, the spouse's entitlement to a survivor benefit.

68.34 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
68.35 survivor benefit payable to a designated beneficiary, the relief association bylaws may
68.36 limit the total survivor benefit amount payable.

69.1 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
 69.2 or for a combination lump-sum and monthly benefit volunteer fire relief association where
 69.3 a monthly benefit service pension has been elected by or a monthly benefit is payable with
 69.4 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
 69.5 of this section, for a lump-sum volunteer fire relief association or for a combination
 69.6 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
 69.7 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
 69.8 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to
 69.9 the surviving children organized under chapter 501B as authorized by this section and
 69.10 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
 69.11 a requirement of this section to the contrary.

69.12 Sec. 79. Minnesota Statutes 2012, section 475.52, subdivision 6, is amended to read:

69.13 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
 69.14 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
 69.15 for funding actuarial liabilities to pay postemployment benefits to employees or officers
 69.16 after their termination of service; or for funding all or part of the municipality's current
 69.17 and future unfunded liability for a pension or retirement fund or plan referred to in
 69.18 section 356.20, subdivision 2, as those liabilities are most recently computed under
 69.19 sections 356.215 and 356.216. The board of trustees or directors of a the Bloomington
 69.20 Fire Department Relief Association referred to in ~~section 69.77~~ must consent and must
 69.21 be a party to any contract made under this section with respect to the fund held by it
 69.22 for the benefit of and in trust for its members. For purposes of this section, the term
 69.23 "postemployment benefits" means benefits giving rise to a liability under Statement No.
 69.24 45 of the Governmental Accounting Standards Board.

69.25 Sec. 80. **REVISOR'S INSTRUCTION.**

69.26 The revisor of statutes shall not show the text of Minnesota Statutes, section 69.77,
 69.27 and add the note in Minnesota Statutes, section 69.77, "CITY OF BLOOMINGTON;
 69.28 LOCAL."

69.29 Sec. 81. **REPEALER.**

69.30 (a) Minnesota Statutes 2012, section 353.665, subdivisions 2, 3, 4, 6, 7, 9, and
 69.31 10, are repealed.

69.32 (b) Minnesota Statutes 2012, sections 353.667; 353.668; 353.669; and 353.6691, are
 69.33 repealed.

70.1 (c) Minnesota Statutes 2012, sections 353A.01; 353A.02; 353A.03; 353A.04;
70.2 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10;
70.3 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09;
70.4 353B.10; 353B.11; 353B.12; 353B.13; and 353B.14, are repealed.

70.5 (d) Minnesota Statutes 2012, sections 423A.01; 423A.04; 423A.05; 423A.07;
70.6 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171;
70.7 423A.18; 423A.19; 423A.20; 423A.21; and 423A.22, are repealed.

70.8 (e) Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3;
70.9 and 423A.02, subdivision 1a, are repealed.

70.10 **Sec. 82. EFFECTIVE DATE; PRIOR AID ALLOCATIONS VALIDATED.**

70.11 (a) Sections 70 to 76 are effective June 1, 2013.

70.12 (b) Except as provided in paragraph (c), sections 1 to 69 and 77 to 82 are effective
70.13 July 1, 2013.

70.14 (c) With respect to the city of Minneapolis, section 18 is effective retroactively from
70.15 July 20, 2011, and with respect to the city of Fairmont, section 18 is effective retroactively
70.16 from May 10, 2012.

70.17 (d) Allocations of amortization state aid, supplementary amortization state aid, or
70.18 additional amortization state aid made by the commissioner of revenue before January 1,
70.19 2013, are hereby validated.