



S.F. 1951
(Pappas)

H.F. 2427
(Atkins)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Police and fire supplemental state aid
Relevant Provisions of Law: Minnesota Statutes, Section 423A.022, Subdivision 2
General Nature of Proposal: Includes independent nonprofit firefighting corporations in the police and fire supplemental retirement state aid
Date of Summary: March 18, 2014

Specific Proposed Changes

- Defines "municipalities" to include independent nonprofit firefighting corporations with subsidiary volunteer firefighter relief associations, thereby including 61 fire departments excluded in the 2013 police and fire supplemental retirement state aid allocation as independent nonprofit firefighting corporations.

Policy Issues Raised by the Proposed Legislation

1. Appropriateness of including independent nonprofit firefighting corporations in the aid allocation.
2. Appropriateness of redraft of the proposed legislation suggested [REDACTED] employee.
3. Appropriateness of basing police and fire supplemental retirement state aid allocation on the initial fire state aid proportional amount.
4. Unaddressed issue of replacing supplemental state aid for recipients omitted in 2013.
5. 2013 state aid allocation questions; whether or not there are other potential allocation errors.
6. Apparent disconnect of the aid termination provision and the volunteer fire portion of aid.

Potential Amendments

S1951-1A is the alternative suggested by a [REDACTED]. The alternative, although involving more words and making the clause longer and more complicated, appears to clearly include independent nonprofit firefighting corporations. The alternative also clearly excludes either municipalities or independent nonprofit firefighting corporations without having pension coverage for their firefighters.

S1951-2A would have all future allocations of police and fire supplemental retirement state aid based on the original (population and property value based allocation) fire state aid amount, excluding the additional minimum volunteer firefighter state aid amount.

S1951-3A would require the Department of Revenue to determine the amount of the error for omitted independent nonprofit firefighting corporations and to provide them with a double allocation in October 2014, which would require a proportional reduction in the allocations of all other recipients of 2014 state aid.

S1951-4A would be identical to S1951-3A, except that the state aid back-payment would be undertaken over a four-year period through a 25% increased allocation in the 2014, 2015, 2016, and 2017 state aid allocations for the independent nonprofit firefighting corporations determined to have been erroneously excluded from the state aid.

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TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director *JLM*
RE: S.F. 1951 (Pappas); H.F. 2427 (Atkins): Police and Fire Supplemental Retirement State Aid; Inclusion of Nonprofit Firefighting Corporations
DATE: March 18, 2014 (*Revised*)

Summary of S.F. 1951 (Pappas); H.F. 2427 (Atkins)

S.F. 1951 (Pappas); H.F. 2427 (Atkins) amends Minnesota Statutes, Section 423A.022, Subdivision 2, the allocation of the police and fire supplemental retirement state aid provision, by defining "municipalities" to include independent nonprofit firefighting corporations with subsidiary volunteer firefighter relief associations, thereby including 61 fire departments excluded in the 2013 state aid allocation as independent nonprofit firefighting corporations.

Background Information on Relevant Topics

The following attachments provide background information on topics relevant to the proposed legislation:

- **Attachment A:** Background information on the police and fire supplemental retirement state aid.
- **Attachment B:** List of fire departments omitted from 2013 police and fire supplemental state aid.
- **Attachment C:** List of recipients of the largest and smallest amounts of police and fire supplemental retirement state aid in 2013.

Discussion and Analysis

S.F. 1951 (Pappas); H.F. 2427 (Atkins) includes independent nonprofit firefighting corporations in the police and fire supplemental retirement state aid by including them in the term "municipalities" for purposes of Minnesota Statutes, Section 423A.022, Subdivision 2.

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

1. Appropriateness of Including Independent Nonprofit Firefighting Corporations in the Aid Allocation. The policy issue is whether or not it is appropriate to allocate state pensions to volunteer firefighter relief associations associated with independent nonprofit firefighting corporations. Independent nonprofit firefighting corporations have existed as fire departments in Minnesota for decades, apparently predating the practice of governmental entities entering into joint powers agreements and forming joint powers entities and apparently attributable to very low fire protection township tax levy limits before the mid-1970s, requiring private parties to establish fire departments. The number of independent nonprofit firefighting corporations is uncertain, but 61 of the 76 fire departments that received fire state aid and did not receive police and fire supplemental retirement state aid during its initial distribution in 2013 appear to have been disqualified for being independent nonprofit firefighting corporations. Attachment B is a list of those fire departments as well as the paid fire departments which were not included in the aid allocation because their firefighters were covered by the Public Employees Police and Fire Retirement Plan (PERA-P&F), which retirement plan received a separate aid allocation. The available record on the original proposed legislation giving rise to the police and fire supplemental retirement state aid, 2013 S.F. 935 (Pappas); H.F. 857 (Atkins), indicates that the intent was to include the same recipients in this state aid program as are included in fire state aid. Independent nonprofit firefighting corporations either receive state aid directly or receive through contract payments from the municipalities served by the fire department that are derived in whole or in part from fire state aid. The exclusion of independent nonprofit firefighting corporations appears to have been a result of a very careful/very strict reading of relatively loose drafting of the original state aid legislation.
2. Appropriateness of Suggested Redraft of the Proposed Legislation. The policy issue is the appropriateness of the alternative means to include independent nonprofit firefighting corporations in future allocations of police and fire supplemental retirement state aid.

The alternative, **Amendment S1951-1A**, was prepared by [REDACTED], apparently in conjunction with a discussion of the issue with or in response to a request from the Pension Division of the Office of the State Auditor. The alternative language, although involving more words and making the clause longer and more complicated, appears to clearly include independent nonprofit firefighting corporations. The alternative also clearly excludes either municipalities or independent nonprofit firefighting corporations without having pension coverage for their firefighters. Most, but not all, recipients of fire state aid have pension coverage for their firefighters, either through the Public Employees Police and Fire Retirement Plan (PERA-P&F) for wholly paid or partially paid fire departments, through the Statewide Lump-Sum Volunteer Firefighter Retirement Plan of the Public Employees Retirement Association (PERA-SVF), or through volunteer firefighter relief associations. Since the new state aid is intended to assist or enhance firefighter pension coverage, the restriction appears to be consistent with the original intent of the state aid program.

[REDACTED]

3. Appropriateness of Basing Police and Fire Supplemental Retirement State Aid Allocation on the Initial Fire State Aid Proportional Amount. The policy issue is the appropriateness of a potential change in allocation of the volunteer firefighter portion of the police and fire supplemental state aid allocation formula apparently suggested to the Department of Revenue and the Office of the State Auditor by Brian Rice, an attorney representing the Minnesota State Fire Chiefs Association, and/or Nyle Zikmund, the fire chief of the Spring Lake Park-Blaine-Mounds View Fire Department.

Amendment S1951-2A would have all future allocations of police and fire supplemental retirement state aid on the original (population and property value based allocation) fire state aid amount, excluding the additional minimum volunteer firefighter state aid amount. The 2013 state aid allocation was based on the total fire state aid and not just the original fire state aid amount. In 2013, 290 of the 766 recipients of fire state aid received additional minimum volunteer firefighter state aid and those fire departments and volunteer firefighter relief associations are the firetowns with the smallest populations served by the fire department and the least property value protected by the fire department and are the firetowns with the smallest volunteer firefighter service pension amounts. The minimum volunteer fire state aid program was enacted in 1996 and brings the total fire state aid of the group of volunteer fire departments receiving the least amounts on a per firefighter basis up to a certain floor amount with the addition of an amount redirected from another public safety employee pension aid program. In 2013, the minimum volunteer fire state aid per firefighter amount was \$423.49, funded from \$897,435.90 of redirected aid added to fire state aid. If the amendment were to be added, the 16 fire departments receiving the least fire state aid and the least police and fire retirement supplemental state aid on Attachment C would receive less supplemental state aid and the 12 fire departments receiving the greatest fire state aid and the greatest police and fire retirement supplemental state aid on Attachment C would receive more.

4. Unaddressed Issue of Replacing Supplemental State Aid for Recipients Omitted in 2013. The policy issues are whether or not the fire departments identified (correctly or not) as independent nonprofit firefighting corporations in 2013 and omitted from any police and fire retirement supplemental state aid in 2013 should be able to replace or recover their lost 2013 supplemental aid and, if so, how that replacement or recovery should occur. As Attachment B indicates, potentially 61 fire departments were excluded from the police and fire supplemental retirement state aid allocation in 2013, including several that likely would have received large aid amounts had they been included, such as Bloomington, Hamel, Lake Johanna, Little Canada, and Spring Lake Park. If the 2013 exclusion of these departments was an error resulting from a drafting deficiency, as appears to be the case, the affected fire departments and their relief associations would understandably desire to have the error revisited and corrected. The payment of an additional amount in one year or of additional amounts over a period of years would either require an additional State General Fund appropriation of the amount or amounts, or would require a deduction of an amount or amounts from future police and fire retirement supplemental state aid allocations of all other fire department to replace the aid.

Amendment S1951-3A would require the Department of Revenue to determine the amount of the error for omitted independent nonprofit firefighting corporations and to provide them with a double allocation in October 2014, which would require a proportional reduction in the allocations of all other recipients of 2014 state aid.

Amendment S1951-4A would be identical to Amendment S1951-3A except that the state aid back-payment would be undertaken over a four-year period through a 25% increased allocation in the 2014, 2015, 2016, and 2017 state aid allocations for the independent nonprofit firefighting corporations determined to have been erroneously excluded from the state aid.

5. 2013 State Aid Allocation Questions. The policy issue is whether or not there are other potential police and fire supplemental retirement state aid allocation errors. In reviewing the 2013 state aid allocations, the Commission staff has identified three fire departments included in the aid allocation potentially in error. Burnsville, which has a paid fire department with retirement coverage by the Public Employees Police and Fire Retirement Plan (PERA-P&F), received \$72,571.74 in aid on October 1, 2013, although PERA-P&F received state aid under the program directly and fire departments participating in that plan were to be excluded from the volunteer fire portion of the aid allocation. Also included in the 2013 allocation were the Solway Rural Fire Department, Inc., in Beltrami County, which received \$2,377.73 in state aid, and the Woodbury volunteer Fire Department, Inc., in Washington County, which received \$81,067.84. From the name of each indicated on the Department of Revenue allocation spreadsheet, the fire department appears to be an independent nonprofit firefighting corporation.
6. Apparent Disconnect of the Aid Termination Provision and the Volunteer Fire Portion of State Aid. The policy issue is the current provision of the police and fire supplemental retirement state aid program governing the termination of the program and the uncertainty that the termination provision conveys to volunteer firefighter relief associations. Minnesota Statutes, Section 423A.022, subdivision 5, terminates the state aid program for all recipients, including volunteer firefighter relief associations, when the later of the Public Employees Police and Fire Retirement Plan (PERA-P&F) or the State Patrol Retirement Plan achieves a 90% funded ratio on a market value of assets basis. The following sets forth the current (July 1, 2013) actuarial condition of the two retirement plans:

	State Patrol Plan FY2013		PERA-P&F FY2013	
<u>Membership</u>				
Active Members		845		10,940
Service Retirees		748		6,583
Disabilitants		50		1,131
Survivors		185		1,865
Deferred Retirees		41		1,388
Nonvested Former Members		<u>18</u>		<u>988</u>
Total Membership		1,887		22,895
<u>Funded Status</u>				
Accrued Liability		\$741,850,000		\$7,304,032,000
Current Assets		<u>\$552,319,000</u>		<u>\$5,932,945,000</u>
Unfunded Accrued Liability		\$189,531,000		\$1,371,087,000
Funding Ratio	74.45%		81.23%	
<u>Financing Requirements</u>				
Covered Payroll		\$64,136,000		\$822,003,000
Benefits Payable		\$52,057,000		\$431,726,000
Normal Cost	20.78%	\$13,327,000	18.90%	\$155,358,000
Administrative Expenses	0.29%	\$186,000	0.09%	\$740,000
Amortization	<u>20.17%</u>	<u>\$12,936,000</u>	<u>10.90%</u>	<u>\$89,598,000</u>
Total Requirements	41.24%	\$26,449,000	29.89%	\$245,696,000
Employee Contributions	12.40%	\$7,953,000	9.90%	\$81,378,000
Employer Contributions	18.60%	\$11,929,000	14.85%	\$122,067,000
Employer Add'l Cont.	0.00%	\$0	1.41%	\$11,559,000
Direct State Funding	1.56%	\$1,000,000	1.09%	\$9,000,000
Other Govt. Funding	0.00%	\$0	0.00%	\$0
Administrative Assessment	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>
Total Contributions	32.56%	\$20,882,000	27.25%	\$224,004,000
Total Requirements	41.24%	\$26,449,000	29.89%	\$245,696,000
Total Contributions	<u>32.56%</u>	<u>\$20,882,000</u>	<u>27.25%</u>	<u>\$224,004,000</u>
Deficiency (Surplus)	8.68%	\$5,567,000	2.64%	\$21,692,000

Both plans have significant contribution rate deficiencies, although there are still contribution rate increases under Laws 2013, Chapter 111, Article 9, Sections 2 and 3, and Article 11, Sections 6 and 7, remaining to be implemented in the future and not reflected in the July 1, 2013, actuarial valuation results. At some unknowable future date, both plans should become 90% funded, at which point, 700+ volunteer firefighter relief associations will lose their supplemental state aid under this program. Some municipalities reportedly have responded to this uncertainty by declining to ratify any benefit modifications by their associated volunteer firefighter relief associations that otherwise were affordable.

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Background Information on the Police and Fire Supplemental Retirement State Aid

The police and fire supplemental retirement state aid was proposed on behalf of a coalition of police organizations and professional firefighter organizations to assist in addressing the growing retirement funding problems.

As initially drafted and introduced as a legislative bill in 2013, the proposal amended Minnesota Statutes, Chapters 69, relating to policy and fire state aid, and 297I, relating to insurance premium taxes, to impose a \$5 per calendar year surcharge on homeowners insurance and automobile insurance policies, with the proceeds from the homeowners insurance surcharge allocated roughly one-third to the fire state aid program and distributed to the statewide lump-sum volunteer firefighter retirement fund or to municipalities or nonprofit firefighting corporations and roughly two-thirds to the Public Employees Police and Fire Retirement Plan (PERA-P&F) and with the proceeds from the automobile insurance surcharge allocated one-third to the police state aid program and distributed to all counties, cities, and state departments employing police officers and two-thirds to PERA-P&F and the State Patrol Retirement Plan distributed on the basis of the number of active member police officers.

When heard by the Legislative Commission on Pensions and Retirement, the Commission corrected the allocation mechanism of the proposed legislation to match the proponents expressed intent, specified a date for the aid allocations from the two accounts, November 1 annually, one month after the allocation date for the fire state aid and police state aid programs, on which portions of the new aid allocation depend, and required reporting from the Public Employees Retirement Association (PERA) to the Commissioner of Revenue information on Public Employees Police and Fire Retirement Plan (PERA-P&F) coverage and Statewide Lump-Sum Volunteer Firefighter Retirement Plan (PERA-SVF) participation that is needed to implement the surcharge fire pension aid allocation formula and set a termination date for the new state aid based on when the State Patrol Plan and the Public Employees Police and Fire Retirement Plan (PERA-P&F) achieve a 90% funded ratio on a market value of assets basis.

The new state aid was intended to raise \$23 million and was specified to be allocated as follows:

<u>Surcharge Fire Pension Aid Account</u>		
Statewide Volunteer Fire Plan	\$137,990	1.84%
Volunteer firefighter relief associations	\$5,412,010	72.16%
Paid firefighter municipalities	\$649,350	8.66%
PERA-P&F	\$1,300,650	17.34%
Total	\$7,500,000	100.00%
<u>Surcharge Police Pension Aid Account</u>		
PERA-P&F employers	\$4,645,300	29.97%
Dept. of Public Safety and Dept. of Natural Resources	\$516,150	3.33%
State Patrol Retirement Plan	\$1,033,800	6.67%
PERA-P&F	\$9,304,650	60.03%
Total	\$15,500,000	100.00%
<u>Total Aid Allocation</u>		
Volunteer firefighter plans	\$5,550,000	24.13%
Municipalities and counties	\$5,294,630	23.03%
Dept. of Public Safety and Dept. of Natural Resources	\$516,150	2.24%
State Patrol Retirement Plan	\$1,033,800	4.49%
PERA-P&F	\$10,065,300	46.11%
Total	\$23,000,000	100.00%

When the proposed police and fire supplemental retirement state aid was subsequently heard by standing legislative committees, the source of the funding of the new state aid program was controversial and was ultimately modified, replaced by a direct State General Fund appropriation rather than by a surcharge on insurance policies.

As the new state aid program was added to the 2013 tax bills, the amount of the aid was revised to be \$15,500,000 and the recipients of the new state aid were narrowed to the State Patrol Plan, the PERA-P&F, and the various volunteer firefighter relief associations.

As enacted (Laws 2013, Ch. 143, Art. 2, Sec. 6), the police and fire supplemental retirement state aid was funded by a \$15.5 million annual appropriation, to be allocated 58.065% to PERA-P&F, 35.484% to municipalities other than those solely using firefighters covered by PERA-P&F, and 6.452% to MSRS on behalf of the State Patrol Plan, with the portion allocated to municipalities other than those solely using firefighters covered by PERA-P&F allocated within that group based on the proportion of total fire state aid received relative to each fire department, and terminates when PERA-P&F and the State Patrol Retirement Plan both become at least 90% funded.

Fire Departments Omitted from the 2013 Police and Fire Supplemental Retirement State Aid ¹

Fire Departments/Nonprofit Firefighting Corporations

Fire Dept./Nonprofit Firefighting Corp.	County	Fire Dept./Nonprofit Firefighting Corp.	County
Alaska Vol. Fire Dept.	Beltrami	Lake Kabetogema Vol. Fire Dept.	St. Louis
Bloomington Fire Dept.	Hennepin	Lakeland Vol. Fire Dept., Inc.	St. Louis
Brimson Area Vol. Fire Dept.	St. Louis	Lakewood Vol. Fire Dept.	St. Louis
Brownsdale Vol. Fire Dept.	Mower	Lewisville Area Vol. Firefighting Co.	Watonwan
Buyck Community Fire Protection Assoc.	St. Louis	Little Canada Vol. Fire Dept.	Ramsey
Cass Lake Vol. Rural Fire Assoc.	Cass	London Vol. Fire Dept.	Freeborn
Colvill Vol. Fire Dept.	Cook	Longville Area Vol. Fire Dept.	Cass
Colvin Fire Dept., Inc.	St. Louis	Loretto Vol. Fire Dept.	Hennepin
Cotton Vol. Fire Dept.	St. Louis	Makinen Vol. Fire Dept.	St. Louis
Crane Lake Vol. Fire Dept.	St. Louis	Maple Hill Community Fire Dept.	Cook
Dalbo Vol. Fire Dept.	Isanti	McDavitt Vol. Fire Dept.	St. Louis
Eitzen Vol. Fire Dept.	Houston	Meadowlands Area Vol. Fire Dept., Inc.	St. Louis
Elbow Tulaby Lakes Vol. Fire Dept.	Becker	Myrtle Fire Dept.	Freeborn
Ellsburg Vol. Fire Dept.	St. Louis	Northland Vol. Fire Dept., Inc.	St. Louis
Embarrass Region Vol. Fire Dept.	St. Louis	Oakdale Vol. Fire Dept., Inc.	Washington
Federal Dam Vol. Fire Dept.	Cass	Odessa Fire Dept./ Odessa Farm Fire Relief Assoc.	Big Stone
Finland Fire Dept.	Lake	Pennock Fire Dept.	Kandiyohi
Foxhome Fire Dept.	Wilkin	Pequaywan Lake Vol. Fire Dept., Inc.	St. Louis
Fredenberg Vol. Fire Dept.	St. Louis	Pike/Sandy/Britt Vol. Fire Dept.	St. Louis
Gnesen Vol. Fire Dept.	St. Louis	Randall Fire Dept.	Morrison
Granada Fire Dept.	Martin	Silica Vol. Fire Dept., Inc.	St. Louis
Grand Lake Vol. Fire Dept.	St. Louis	Solway Township Vol. Fire Dept.	Beltrami
Gunflint Trail Vol. Fire Dept., Inc.	Cook	Spring Lake Park Fire Dept.	Anoka
Hackensack Area Fire Rescue Dept.	Cass	Swanville Rural Fire Assoc.	Morrison
Hamel Vol. Fire Dept., Inc.	Hennepin	Toivola Vol. Fire Dept.	St. Louis
Hermantown Vol. Fire Dept., Inc.	St. Louis	Twin Lakes Vol. Fire Dept.	Mahnomen
Hovland Area Vol. Fire Dept., Inc.	Cook	Underwood Fire Dept.	Otter Tail
Industrial Vol. Fire Dept., Inc.	St. Louis	Watson Community Vol. Fire Dept., Inc.	Chippewa
Kelsey Vol. Fire Dept., Inc.	St. Louis	Waverly Vol. Fire/Rescue Dept.	Wright
Lake George Vol. Fire Dept., Inc.	Hubbard	Wilson Vol. Fire Dept.	Winona
Lake Johanna Fire Dept.	Ramsey		

Paid Fire Departments (no relief association/PERA-P&F coverage)

Fire Department	County	Fire Department	County
Albert Lea Fire Department	Freeborn	Rochester City Fire Department	Olmsted
Crookston Firefighters Association	Polk	Saint Cloud Fire Department	Stearns
Duluth Fire Department	St. Louis	Saint Louis Park Fire Department	Hennepin
Faribault Fire Department	Rice	Saint Paul Fire Department	Ramsey
Mankato Department of Public Safety	Blue Earth	South Metro Fire Department	Dakota
Minneapolis Fire Department	Hennepin	Virginia Fire Department	St. Louis
Moorhead Fire Department	Clay	Winona Fire Department	Winona
Richfield fire Department	Hennepin		

¹ Eligible for Fire State Aid before the imposition of any penalty, but did not receive Police & Fire Supplemental Aid under Minnesota Statutes, Section 423A.022 in 2013

**Recipients of the Largest and Smallest Amounts of
Police and Fire Supplemental Retirement State Aid in 2013**

Largest fire department recipients of Police and Fire Retirement Supplemental State Aid:

<u>Fire Department</u>	<u>County</u>	<u>Amount</u>
Plymouth Fire Department.....	Hennepin	102,477.93
Eden Prairie City Fire Department.....	Hennepin	95,957.37
Maple Grove Fire Department	Hennepin	86,482.18
Edina Fire Department	Hennepin	86,359.02
Brooklyn Park Fire Department.....	Hennepin	84,666.57
Eagan City Fire Department.....	Dakota	84,494.56
Woodbury Volunteer Fire Dept. Inc.	Washington	81,067.84
Minnetonka Fire Department	Hennepin	79,918.26
Burnsville Fire Department.....	Dakota	72,571.74
Lakeville City Fire Department	Dakota	70,565.72
Coon Rapids Fire Department.....	Anoka	67,362.86
Apple Valley City Fire Department.....	Dakota	59,168.05

Smallest fire department recipients of Police and Fire Retirement Supplemental State Aid:

<u>Fire Department</u>	<u>County</u>	<u>Amount</u>
Correll Volunteer Fire Department	Big Stone.....	32.95
Louisburg Fire Department	Lac Qui Parle	43.05
Arco Fire Department	Lincoln	64.81
Alida/Bear Creek Fire Control	Cook	269.60
Skyline Fire Department	Blue Earth	323.53
Avoca Fire/Rescue Department	Murray.....	422.12
Nielsen Volunteer Fire Department.....	Polk	536.24
Big Falls Fire Department.....	Koochiching	596.95
Perley-Lee Township Volunteer Fire Dept.	Norman.....	597.52
Minnesota City Fire Department.....	Winona	719.31
Beltrami Fire Department	Polk	746.28
Oslo Fire/Rescue Department	Marshall	779.91
Sedan Fire/Rescue Department	Pope.....	788.43
Bruno Volunteer Fire Department	Pine.....	807.85
Iona Fire Department	Murray	925.01
Eagles Nest Fire Department	St. Louis	939.57

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1.1 moves to amend S.F. No. 1951; H.F. No. 2427, as follows:

1.2 Page 1, line 12, strike everything after the first "municipalities"

1.3 Page 1, strike line 13

1.4 Page 1, line 14, strike "and fire retirement plan which" and insert "and independent nonprofit firefighting corporations with volunteer firefighter relief associations or are covered by the voluntary lump-sum volunteer firefighter retirement plan that"

1.7 Page 1, line 16, after "municipality" insert "or independent nonprofit firefighting corporation"

1.9 Page 1, line 17, strike everything after the first "municipalities"

1.10 Page 1, strike line 18 and insert "and independent nonprofit firefighting corporations with volunteer firefighter relief associations or are covered by the voluntary lump-sum volunteer firefighter retirement plan that"

1.13 Page 2, delete lines 5 to 7

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1.1 moves to amend S.F. No. 1951; H.F. No. 2427, as follows:

1.2 Page 1, line 16 , before "for" insert "paragraph (c), "

1.3 Page 1, line 19, before "with" insert "paragraph (c), "

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1.1 moves to amend S.F. No. 1951; H.F. No. 2427, as follows:

1.2 Page 2, after line 7, insert:

1.3 "Sec. 2. **CORRECTION FOR 2013 STATE AID ALLOCATION ERROR.**

1.4 To correct the implementation error of the 2013 allocation of state aid under
1.5 Minnesota Statutes, section 423A.022, as the result of a drafting problem, the
1.6 commissioner of revenue shall calculate the October 1, 2014, allocation of state aid with a
1.7 double allocation for those independent nonprofit firefighting corporations that were
1.8 omitted from the 2013 allocation."

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1.1 moves to amend S.F. No. 1951; H.F. No. 2427, as follows:

1.2 Page 2, after line 7, insert:

1.3 "Sec. 2. **CORRECTION FOR 2013 STATE AID ALLOCATION ERROR.**

1.4 To correct the implementation error of the 2013 allocation of state aid under
1.5 Minnesota Statutes, section 423A.022, as the result of a drafting problem, the commissioner
1.6 of revenue shall calculate the October 1, 2014, 2015, 2016, and 2017, allocation of state
1.7 aid with an allocation 25 percent greater than otherwise applicable for those independent
1.8 nonprofit firefighting corporations that were omitted from the 2013 allocation."

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SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 1951

(SENATE AUTHORS: PAPPAS and Rest)

DATE	D-PG	OFFICIAL STATUS
02/27/2014	5872	Introduction and first reading Referred to State and Local Government

1.1 A bill for an act
 1.2 relating to retirement; police and firefighter retirement state aid; clarifying the
 1.3 eligibility of independent nonprofit firefighting corporations to receive state aid;
 1.4 amending Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2,
 1.7 is amended to read:

1.8 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

1.9 (1) 58.065 percent must be paid to the executive director of the Public Employees
 1.10 Retirement Association for deposit in the public employees police and fire retirement fund
 1.11 established by section 353.65, subdivision 1;

1.12 (2) 35.484 percent must be paid to municipalities other than municipalities solely
 1.13 employing firefighters with retirement coverage provided by the public employees police
 1.14 and fire retirement plan which qualified to receive fire state aid in that calendar year,
 1.15 allocated in proportion to the most recent amount of fire state aid paid under section
 1.16 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid
 1.17 for all municipalities other than the municipalities solely employing firefighters with
 1.18 retirement coverage provided by the public employees police and fire retirement plan
 1.19 paid under section 69.021, subdivision 7, with the allocated amount for fire departments
 1.20 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan
 1.21 paid to the executive director of the Public Employees Retirement Association for deposit
 1.22 in the fund established by section 353G.02, subdivision 3, and credited to the respective
 1.23 account and with the balance paid to the treasurer of each municipality for transmittal

2.1 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief
2.2 association for deposit in its special fund; and

2.3 (3) 6.452 percent must be paid to the executive director of the Minnesota State
2.4 Retirement System for deposit in the state patrol retirement fund.

2.5 (b) For purposes of this section, the term "municipalities" includes independent
2.6 nonprofit firefighting corporations with subsidiary volunteer firefighter relief associations
2.7 operating under chapter 424A.