



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director *JAM*
RE: S.F. xxxx; H.F. 2597 (Murphy, M.): Police and Fire State Aid; Correction of Drafting Errors
DATE: March 13, 2014

Summary of S.F. xxxx; H.F. 2597 (Murphy, M.)

S.F. xxxx (author); H.F. 2597 (Murphy) amends Minnesota Statutes, Section 423A.02, Subdivision 3, the reallocation of excess amounts of the 1980 Amortization Aid and the former 1984 Supplemental Amortization Aid, by correcting a cross-reference incorrectly cited during the 2013 amalgamation of the two aid programs, and amends Minnesota Statutes, Section 423A.022, Subdivisions 2 and 3, the 2013 Police and Fire Supplemental Pension State Aid, by resetting the Public Employees Police and Fire Retirement Plan allocation percentage as that the total equals 100 % rather than 100.01 and by eliminating police officer and paid firefighter definitions inadvertently left in the provision in its final redrafting.

Discussion and Analysis

The proposed legislation makes three corrections of drafting errors from 2013 in the police and fire state aid programs, two of which were flagged by the Departmental of Revenue (Sec. 1-2) and one of which was identified by the Commission staff (Sec. 3). The three changes address items that appear clearly to have been drafting errors or that were neglected to be removed when an aid program was revised prior to final enactment.

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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2597**

03/03/2014 Authored by Murphy, M.,
The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to retirement; making technical changes to amortization state aid and
1.3 supplemental state aid; amending Minnesota Statutes 2013 Supplement, sections
1.4 423A.02, subdivision 3; 423A.022, subdivisions 2, 3.

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

1.6 Section 1. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3,
1.7 is amended to read:

1.8 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
1.9 difference between \$5,720,000 and the current year amortization aid distributed under
1.10 subdivision 1 that is not distributed for any reason to a municipality must be distributed
1.11 by the commissioner of revenue according to this paragraph. The commissioner shall
1.12 distribute 50 percent of the amounts derived under this paragraph to the Teachers
1.13 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,
1.14 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded
1.15 actuarial accrued liabilities of the respective funds. These payments must be made on July
1.16 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth
1.17 Teachers Retirement Fund Association becomes fully funded, the association's eligibility
1.18 for its portion of this aid ceases. Amounts remaining in the undistributed balance account
1.19 at the end of the biennium if aid eligibility ceases cancel to the general fund.

1.20 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
1.21 Independent School District No. 625, St. Paul, must make an additional contribution of
1.22 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

1.23 (c) Thirty percent of the difference between \$5,720,000 and the current year
1.24 amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a

2.1 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as
2.2 additional funding to support a minimum fire state aid amount for volunteer firefighter
2.3 relief associations.

2.4 Sec. 2. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is
2.5 amended to read:

2.6 Subd. 2. **Allocation.** Of the total amount appropriated as supplemental state aid:

2.7 (1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public
2.8 Employees Retirement Association for deposit in the public employees police and fire
2.9 retirement fund established by section 353.65, subdivision 1;

2.10 (2) 35.484 percent must be paid to municipalities other than municipalities solely
2.11 employing firefighters with retirement coverage provided by the public employees police
2.12 and fire retirement plan which qualified to receive fire state aid in that calendar year,
2.13 allocated in proportion to the most recent amount of fire state aid paid under section
2.14 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid
2.15 for all municipalities other than the municipalities solely employing firefighters with
2.16 retirement coverage provided by the public employees police and fire retirement plan
2.17 paid under section 69.021, subdivision 7, with the allocated amount for fire departments
2.18 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan
2.19 paid to the executive director of the Public Employees Retirement Association for deposit
2.20 in the fund established by section 353G.02, subdivision 3, and credited to the respective
2.21 account and with the balance paid to the treasurer of each municipality for transmittal
2.22 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief
2.23 association for deposit in its special fund; and

2.24 (3) 6.452 percent must be paid to the executive director of the Minnesota State
2.25 Retirement System for deposit in the state patrol retirement fund.

2.26 Sec. 3. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3, is
2.27 amended to read:

2.28 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the
2.29 executive director of the Public Employees Retirement Association shall report to the
2.30 commissioner of revenue the following:

2.31 (1) the municipalities which employ firefighters with retirement coverage by the
2.32 public employees police and fire retirement plan;

2.33 (2) the number of firefighters with public employees police and fire retirement plan
2.34 coverage employed by each municipality;

3.1 (3) the fire departments covered by the voluntary statewide lump-sum volunteer
3.2 firefighter retirement plan; and

3.3 (4) any other information requested by the commissioner to administer the police
3.4 and firefighter retirement supplemental state aid program.

3.5 ~~(b) For this subdivision, (i) the number of firefighters employed by a municipality~~
3.6 ~~who have public employees police and fire retirement plan coverage means the number~~
3.7 ~~of firefighters with public employees police and fire retirement plan coverage that were~~
3.8 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~
3.9 ~~months prior to December 31 preceding the date of the payment under this section and, if~~
3.10 ~~the person was employed for less than the full year, prorated to the number of full months~~
3.11 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~
3.12 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~
3.13 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~
3.14 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

3.15 Sec. 4. **EFFECTIVE DATE.**

3.16 (a) Sections 1 and 2 are effective retroactively from July 1, 2013.

3.17 (b) Section 3 is effective the day following final enactment.