

1.1 moves to amend H.F. No. 660; S.F. No. 613, as follows:

1.2 Page 1, after line 6, insert:

1.3 "ARTICLE 1

1.4 INTEREST, SALARY INCREASE, AND PAYROLL GROWTH
1.5 ACTUARIAL ASSUMPTION CHANGES"

1.6 Page 6, after line 23, insert

1.7 "ARTICLE 2

1.8 CONFORMING CHANGES IN REFUND REPAYMENT PROVISIONS
1.9 RELATED TO INTEREST ASSUMPTION CHANGE

1.10 Section 1. Minnesota Statutes 2014, section 3A.03, subdivision 2, is amended to read:

1.11 Subd. 2. **Refund.** (a) A former member who has made contributions under
1.12 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon
1.13 written application to the executive director on a form prescribed by the executive director,
1.14 a refund from the general fund of all contributions credited to the member's account with
1.15 interest computed as provided in section 352.22, subdivision 2.

1.16 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a
1.17 former member of the legislature and the survivors of the former member under this chapter.

1.18 (c) If the former member of the legislature again becomes a member of the legislature
1.19 after having taken a refund as provided in paragraph (a), the member is a member of the
1.20 unclassified employees retirement program of the Minnesota State Retirement System.

1.21 (d) However, the member may reinstate the rights and credit for service previously
1.22 forfeited under this chapter if the member repays all refunds taken, plus interest at ~~an~~ the
1.23 applicable annual rate of ~~8.5 percent~~ compounded annually from the date on which the
1.24 refund was taken to the date on which the refund is repaid.

2.1 (e) No person may be required to apply for or to accept a refund. The applicable
2.2 rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after
2.3 June 30, 2015.

2.4 Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 13a, is amended to read:

2.5 Subd. 13a. **Reduced salary during period of workers' compensation.** An
2.6 employee on leave of absence receiving temporary workers' compensation payments and a
2.7 reduced salary or no salary from the employer who is entitled to allowable service credit
2.8 for the period of absence, may make payment to the fund for the difference between salary
2.9 received, if any, and the salary the employee would normally receive if not on leave of
2.10 absence during the period. The employee shall pay an amount equal to the employee and
2.11 employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential
2.12 salary amount for the period of the leave of absence.

2.13 The employing department, at its option, may pay the employer amount on behalf
2.14 of its employees. Payment made under this subdivision must include interest at the
2.15 applicable rate of 8.5 percent per year, and must be completed within one year of the
2.16 return from leave of absence. The applicable rate is 8.5 percent for the period before July
2.17 1, 2015, and 8 percent for the period after June 30, 2015.

2.18 Sec. 3. Minnesota Statutes 2014, section 352.04, subdivision 8, is amended to read:

2.19 Subd. 8. **Department required to pay omitted salary deductions.** (a) If a
2.20 department fails to take deductions past due for a period of 60 days or less from an
2.21 employee's salary as provided in this section, those deductions must be taken on later
2.22 payroll abstracts.

2.23 (b) If a department fails to take deductions past due for a period in excess of 60
2.24 days from an employee's salary as provided in this section, the department, and not the
2.25 employee, must pay on later payroll abstracts the employee and employer contributions
2.26 and an amount equivalent to ~~8.5 percent~~ the applicable rate of the total amount due in lieu
2.27 of interest, or if the delay in payment exceeds one year, ~~8.5 percent~~ the applicable rate
2.28 compound annual interest. The applicable rate is 8.5 percent for the period before July
2.29 1, 2015, and 8 percent for the period after June 30, 2015.

2.30 (c) If a department fails to take deductions past due for a period of 60 days or less
2.31 and the employee is no longer in state service so that the required deductions cannot be
2.32 taken from the salary of the employee, the department must nevertheless pay the required
2.33 employer contributions. If any department fails to take deductions past due for a period in

3.1 excess of 60 days and the employee is no longer in state service, the omitted contributions
3.2 must be recovered under paragraph (b).

3.3 (d) If an employee from whose salary required deductions were past due for a period
3.4 of 60 days or less leaves state service before the payment of the omitted deductions and
3.5 subsequently returns to state service, the unpaid amount is considered the equivalent of a
3.6 refund. The employee accrues no right by reason of the unpaid amount, except that the
3.7 employee may pay the amount of omitted deductions as provided in section 352.23.

3.8 Sec. 4. Minnesota Statutes 2014, section 352.04, subdivision 9, is amended to read:

3.9 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from
3.10 the salary of an employee for the retirement fund in excess of required amounts must,
3.11 upon discovery and verification by the department making the deduction, be refunded to
3.12 the employee.

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

3.19 (c) If erroneous employee deductions and employer contributions are caused by an
3.20 error in plan coverage involving the plan and any other plans specified in section 356.99,
3.21 that section applies. If the employee should have been covered by the plan governed by
3.22 chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions
3.23 taken in error must be directly transferred to the applicable employee's account in the
3.24 correct retirement plan, with interest at the applicable rate of 0.71 percent per month,
3.25 compounded annually, from the first day of the month following the month in which
3.26 coverage should have commenced in the correct defined contribution plan until the end of
3.27 the month in which the transfer occurs. The applicable rate is 0.71 percent before July 1,
3.28 2015, and is 0.667 percent for the period after June 30, 2015.

3.29 Sec. 5. Minnesota Statutes 2014, section 352.23, is amended to read:

3.30 **352.23 TERMINATION OF RIGHTS.**

3.31 When any employee accepts a refund as provided in section 352.22, all existing
3.32 service credits and all rights and benefits to which the employee was entitled before
3.33 accepting the refund terminate. They must not again be restored until the former employee
3.34 acquires at least six months of allowable service credit after taking the last refund. In that

4.1 event, the employee may repay all refunds previously taken from the retirement fund.
4.2 Repayment of refunds entitles the employee only to credit for service covered by (1)
4.3 salary deductions; (2) payments made in lieu of salary deductions; (3) payments made
4.4 to obtain credit for service as permitted by laws in effect when payment was made; and
4.5 (4) allowable service once credited while receiving temporary workers' compensation as
4.6 provided in section 352.01, subdivision 11, clause (5). Payments under this section for
4.7 repayment of refunds are to be paid with interest at ~~an annual~~ the applicable rate of 8.5
4.8 ~~percent~~ compounded annually. The applicable rate is 8.5 percent for the period before July
4.9 1, 2015, and 8 percent for the period after June 30, 2015. They may be paid in a lump sum
4.10 or by payroll deduction in the manner provided in section 352.04. Payment may be made
4.11 in a lump sum up to six months after termination from service.

4.12 Sec. 6. Minnesota Statutes 2014, section 352.271, is amended to read:

4.13 **352.271 METROPOLITAN TRANSIT COMMISSION-TRANSIT**
4.14 **OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.**

4.15 Any employee of the Metropolitan Transit Commission Operating Division who
4.16 was on a leave of absence to enter military service on July 1, 1978, who has not taken a
4.17 refund of employee contributions as authorized by article 12 of the Metropolitan Transit
4.18 Commission-Transit Operating Division employees retirement fund document or section
4.19 352.22, subdivision 2a, and who returns to service as an employee of the Metropolitan
4.20 Transit Commission-Transit Operating Division upon discharge from military service
4.21 as provided in section 192.262 is entitled to allowable service credit for the period of
4.22 military service. If an employee has taken a refund of employee contributions, and would
4.23 otherwise be entitled to allowable service credit under this section, the employee is
4.24 entitled to allowable service credit for the period of military service upon repayment to
4.25 the executive director of the system of the amount refunded plus interest at ~~an annual~~ the
4.26 applicable rate of 8.5 percent compounded annually from the date on which the refund
4.27 was taken to the date of repayment. The applicable rate is 8.5 percent for the period before
4.28 July 1, 2015, and 8 percent for the period after June 30, 2015. No employee is entitled to
4.29 allowable service credit for any voluntary extensions of military service at the instance of
4.30 the employee beyond any initial period of enlistment, induction, or call to active duty.

4.31 Sec. 7. Minnesota Statutes 2014, section 352B.11, subdivision 4, is amended to read:

4.32 Subd. 4. **Reentry into state service.** When a former member, who has become
4.33 separated from state service that entitled the member to membership and has received a
4.34 refund of retirement payments, reenters the state service in a position that entitles the

5.1 member to membership, that member shall receive credit for the period of prior allowable
5.2 state service if the member repays into the fund the amount of the refund, plus interest
5.3 on it at ~~an annual~~ the applicable rate of 8.5 percent compounded annually, at any time
5.4 before subsequent retirement. The applicable rate is 8.5 percent for the period before
5.5 July 1, 2015, and 8 percent for the period after June 30, 2015. Repayment may be made
5.6 in installments or in a lump sum.

5.7 Sec. 8. Minnesota Statutes 2014, section 352D.05, subdivision 4, is amended to read:

5.8 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
5.9 repay regular refunds taken under section 352.22, as provided in section 352.23.

5.10 (b) A participant in the unclassified program or an employee covered by the general
5.11 employees retirement plan who has withdrawn the value of the total shares may repay
5.12 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
5.13 paying into the fund the amount refunded plus interest at ~~an annual~~ the applicable rate of
5.14 8.5 percent compounded annually from the date that the refund was taken until the date
5.15 that the refund is repaid. The applicable rate is 8.5 percent for the period before July 1,
5.16 2015, and 8 percent for the period after June 30, 2015. If the participant had withdrawn
5.17 only the employee shares as permitted under prior laws, repayment must be pro rata.

5.18 (c) Except as provided in section 356.441, the repayment of a refund under this
5.19 section must be made in a lump sum.

5.20 Sec. 9. Minnesota Statutes 2014, section 352D.12, is amended to read:

5.21 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

5.22 (a) An employee who is a participant in the unclassified program and who has prior
5.23 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within
5.24 the time limits specified in this section, elect to transfer to the unclassified program prior
5.25 service contributions to one or more of those plans.

5.26 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
5.27 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
5.28 equal employer contributions with interest at ~~an annual~~ the applicable rate of 8.5 percent
5.29 compounded annually, based on fiscal year balances. The applicable rate is 8.5 percent for
5.30 the period before July 1, 2015, and 8 percent for the period after June 30, 2015.

5.31 (c) If a participant has taken a refund from a retirement plan listed in this section,
5.32 the participant may repay the refund to that plan, notwithstanding any restrictions on
5.33 repayment to that plan, plus ~~8.5 percent~~ the applicable interest compounded annually
5.34 and have the accumulated employee and equal employer contributions transferred to

6.1 the unclassified program with interest at ~~an annual~~ the applicable rate of 8.5 percent
6.2 compounded annually based on fiscal year balances. The applicable rate is 8.5 percent for
6.3 the period before July 1, 2015, and 8 percent for the period after June 30, 2015. If a person
6.4 repays a refund and subsequently elects to have the money transferred to the unclassified
6.5 program, the repayment amount, including interest, is added to the fiscal year balance in
6.6 the year which the repayment was made.

6.7 (d) A participant electing to transfer prior service contributions credited to a
6.8 retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this
6.9 section must complete a written application for the transfer and repay any refund within
6.10 one year of the commencement of the employee's participation in the unclassified program.

6.11 Sec. 10. Minnesota Statutes 2014, section 353.27, subdivision 7a, is amended to read:

6.12 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
6.13 deductions and employer contributions under this section, section 353.50, 353.65, or
6.14 353E.03 were erroneously transmitted to the association, but should have been transmitted
6.15 to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall
6.16 transfer the erroneous employee deductions and employer contributions to the appropriate
6.17 retirement fund or individual account, as applicable. The time limitations specified in
6.18 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
6.19 plan account must include interest at the applicable rate of 0.71 percent per month,
6.20 compounded annually, from the first day of the month following the month in which
6.21 coverage should have commenced in the defined contribution plan until the end of the
6.22 month in which the transfer occurs. The applicable rate is 0.71 percent before July 1,
6.23 2015, and is 0.667 percent for the period after June 30, 2015.

6.24 (b) A potential transfer under paragraph (a) that is reasonably determined to cause
6.25 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
6.26 Code, as amended, must not be made by the executive director of the association. Within
6.27 30 days after being notified by the Public Employees Retirement Association of an
6.28 unmade potential transfer under this paragraph, the employer of the affected person
6.29 must transmit an amount representing the applicable salary deductions and employer
6.30 contributions, without interest, to the retirement fund of the appropriate Minnesota public
6.31 pension plan, or to the applicable individual account if the proper coverage is by a defined
6.32 contribution plan. The association must provide the employing unit a credit for the amount
6.33 of the erroneous salary deductions and employer contributions against future contributions
6.34 from the employer. If the employing unit receives a credit under this paragraph, the

7.1 employing unit is responsible for refunding to the applicable employee any amount that
7.2 had been erroneously deducted from the person's salary.

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

7.6 Sec. 11. Minnesota Statutes 2014, section 353.27, subdivision 12, is amended to read:

7.7 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of
7.8 required deductions for the general employees retirement plan, the public employees police
7.9 and fire retirement plan, or the local government correctional employees retirement plan
7.10 from the salary of an employee, the department head or designee shall immediately, upon
7.11 discovery, report the employee for membership and deduct the employee deductions under
7.12 subdivision 4 during the current pay period or during the pay period immediately following
7.13 the discovery of the omission. Payment for the omitted obligations may only be made in
7.14 accordance with reporting procedures and methods established by the executive director.

7.15 (b) When the entire omission period of an employee does not exceed 60 days, the
7.16 governmental subdivision may report and submit payment of the omitted employee
7.17 deductions and the omitted employer contributions through the reporting processes under
7.18 subdivision 4.

7.19 (c) When the omission period of an employee exceeds 60 days, the governmental
7.20 subdivision shall furnish to the association sufficient data and documentation upon which
7.21 the obligation for omitted employee and employer contributions can be calculated.
7.22 The omitted employee deductions must be deducted from the employee's subsequent
7.23 salary payment or payments and remitted to the association for deposit in the applicable
7.24 retirement fund. The employee shall pay omitted employee deductions due for the 60
7.25 days prior to the end of the last pay period in the omission period during which salary
7.26 was earned. The employer shall pay any remaining omitted employee deductions and any
7.27 omitted employer contributions, plus cumulative interest at ~~an~~ the applicable annual
7.28 ~~rate of 8.5 percent~~ compounded annually, from the date or dates each omitted employee
7.29 contribution was first payable. The applicable rate is 8.5 percent for the period before July
7.30 1, 2015, and 8 percent for the period after June 30, 2015.

7.31 (d) An employer shall not hold an employee liable for omitted employee deductions
7.32 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
7.33 those employee deductions paid by the employer on behalf of the employee. Omitted
7.34 deductions due under paragraph (c) which are not paid by the employee constitute a
7.35 liability of the employer that failed to deduct the omitted deductions from the employee's

8.1 salary. The employer shall make payment with interest at ~~an~~ the applicable annual rate
8.2 ~~of 8.5 percent~~ compounded annually. The applicable rate is 8.5 percent for the period
8.3 before July 1, 2015, and 8 percent for the period after June 30, 2015. Omitted employee
8.4 deductions are no longer due if an employee terminates public service before making
8.5 payment of omitted employee deductions to the association, but the employer remains
8.6 liable to pay omitted employer contributions plus interest at ~~an~~ the applicable annual rate
8.7 ~~of 8.5 percent~~ compounded annually from the date the contributions were first payable.
8.8 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
8.9 the period after June 30, 2015.

8.10 (e) The association may not commence action for the recovery of omitted employee
8.11 deductions and employer contributions after the expiration of three calendar years after
8.12 the calendar year in which the contributions and deductions were omitted. Except as
8.13 provided under paragraph (b), no payment may be made or accepted unless the association
8.14 has already commenced action for recovery of omitted deductions. An action for recovery
8.15 commences on the date of the mailing of any written correspondence from the association
8.16 requesting information from the governmental subdivision upon which to determine
8.17 whether or not omitted deductions occurred.

8.18 Sec. 12. Minnesota Statutes 2014, section 353.27, subdivision 12a, is amended to read:

8.19 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
8.20 who was a member of the general employees retirement plan of the Public Employees
8.21 Retirement Association, the public employees police and fire retirement plan, or the local
8.22 government correctional employees retirement plan and who has a period of employment
8.23 in which previously omitted employer contributions were made under subdivision 12
8.24 but for whom no, or only partial, omitted employee contributions have been made, or a
8.25 member who had prior coverage in the association for which previously omitted employer
8.26 contributions were made under subdivision 12 but who terminated service before required
8.27 omitted employee deductions could be withheld from salary, may pay the omitted
8.28 employee deductions for the period on which omitted employer contributions were
8.29 previously paid plus interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~ compounded
8.30 annually. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8
8.31 percent for the period after June 30, 2015. A terminated employee may pay the omitted
8.32 employee deductions plus interest within six months of an initial notification from the
8.33 association of eligibility to pay those omitted deductions. If a terminated employee is
8.34 reemployed in a position covered under a public pension fund under section 356.30,

9.1 subdivision 3, and elects to pay omitted employee deductions, payment must be made no
9.2 later than six months after a subsequent termination of public service.

9.3 Sec. 13. Minnesota Statutes 2014, section 353.28, subdivision 5, is amended to read:

9.4 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section
9.5 or section 353.27, subdivision 4, is payable with interest at ~~an~~ the applicable annual
9.6 compound rate ~~of 8.5 percent~~ from the date due until the date payment is received by the
9.7 association, with a minimum interest charge of \$10. The applicable rate is 8.5 percent for
9.8 the period before July 1, 2015, and 8 percent for the period after June 30, 2015.

9.9 Sec. 14. Minnesota Statutes 2014, section 353.35, subdivision 1, is amended to read:

9.10 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any
9.11 former member accepts a refund, all existing service credits and all rights and benefits to
9.12 which the person was entitled prior to the acceptance of the refund must terminate.

9.13 (b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a
9.14 forfeiture of salary credit for the allowable service credit covered by the refund.

9.15 (c) The rights and benefits of a former member must not be restored until the person
9.16 returns to active service and acquires at least six months of allowable service credit after
9.17 taking the last refund and repays the refund or refunds taken and interest received under
9.18 section 353.34, subdivisions 1 and 2, plus interest at ~~an~~ the applicable annual rate ~~of 8.5~~
9.19 ~~percent~~ compounded annually. The applicable rate is 8.5 percent for the period before July
9.20 1, 2015, and 8 percent for the period after June 30, 2015. If the person elects to restore
9.21 service credit in a particular fund from which the person has taken more than one refund,
9.22 the person must repay all refunds to that fund. All refunds must be repaid within six
9.23 months of the last date of termination of public service.

9.24 Sec. 15. Minnesota Statutes 2014, section 354.42, subdivision 7, is amended to read:

9.25 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions
9.26 taken from the salary of an employee for the retirement fund in excess of amounts required
9.27 must be refunded to the employee upon the discovery of the error and after the verification
9.28 of the error by the employing unit making the deduction. The corresponding excess
9.29 employer contribution and excess additional employer contribution amounts attributable
9.30 to the erroneous salary deduction must be refunded to the employing unit.

9.31 (b) If salary deductions and employer contributions were erroneously transmitted to
9.32 the retirement fund and should have been transmitted to the plan covered by chapter 352D,
9.33 353D, 354B, or 354D, the executive director must transfer these salary deductions and

10.1 employer contributions to the account of the appropriate person under the applicable plan.
10.2 The transfer to the applicable defined contribution plan account must include interest at
10.3 the applicable rate of 0.71 percent per month, compounded annually, from the first day of
10.4 the month following the month in which coverage should have commenced in the defined
10.5 contribution plan until the end of the month in which the transfer occurs. The applicable rate
10.6 is 0.71 percent before July 1, 2015, and is 0.667 percent for the period after June 30, 2015.

10.7 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
10.8 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
10.9 must not be made by the executive director. Within 30 days after being notified by the
10.10 Teachers Retirement Association of an unmade potential transfer under this paragraph,
10.11 the employer of the affected person must transmit an amount representing the applicable
10.12 salary deductions and employer contributions, without interest, to the account of the
10.13 applicable person under the appropriate plan. The retirement association must provide a
10.14 credit for the amount of the erroneous salary deductions and employer contributions
10.15 against future contributions from the employer.

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

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

10.25 (f) Any refund under this subdivision that would cause the plan to fail to be a
10.26 qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not
10.27 be refunded and instead must be credited against future contributions payable by the
10.28 employer. The employer is responsible for refunding to the applicable employee any
10.29 amount that was erroneously deducted from the salary of the employee, with interest as
10.30 specified in paragraph (e).

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

10.34 Sec. 16. Minnesota Statutes 2014, section 354.50, subdivision 2, is amended to read:

11.1 Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall
11.2 include interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~ compounded annually
11.3 from date of withdrawal to the date payment is made and shall be credited to the fund.
11.4 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
11.5 the period after June 30, 2015.

11.6 Sec. 17. Minnesota Statutes 2014, section 354.51, subdivision 5, is amended to read:

11.7 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
11.8 event that full required member contributions are not deducted from the salary of a
11.9 teacher, payment must be made as follows:

11.10 (1) Payment of shortages in member deductions on salary earned after June 30,
11.11 1957, and before July 1, 1981, may be made any time before retirement. Payment must
11.12 include interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~ compounded annually from
11.13 the end of the fiscal year in which the shortage occurred to the end of the month in which
11.14 payment is made and the interest must be credited to the fund. The applicable rate is 8.5
11.15 percent for the period before July 1, 2015, and 8 percent for the period after June 30, 2015.
11.16 If payment of a shortage in deductions is not made, the formula service credit of the
11.17 member must be prorated under section 354.05, subdivision 25, clause (3).

11.18 (2) Payment of shortages in member deductions on salary earned after June 30,
11.19 1981, are the sole obligation of the employing unit and are payable by the employing
11.20 unit upon notification by the executive director of the shortage with interest at ~~an~~ the
11.21 applicable annual rate ~~of 8.5 percent~~ compounded annually from the end of the fiscal year
11.22 in which the shortage occurred to the end of the month in which payment is made and
11.23 the interest must be credited to the fund. The applicable rate is 8.5 percent for the period
11.24 before July 1, 2015, and 8 percent for the period after June 30, 2015. Effective July 1,
11.25 1986, the employing unit shall also pay the employer contributions as specified in section
11.26 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the
11.27 employing unit within 60 days of notification, and if the executive director does not use
11.28 the recovery procedure in section 354.512, the executive director shall certify the amount
11.29 of the shortage to the applicable county auditor, who shall spread a levy in the amount
11.30 of the shortage payment over the taxable property of the taxing district of the employing
11.31 unit if the employing unit is supported by property taxes.

11.32 (3) Payment may not be made for shortages in member deductions on salary earned
11.33 before July 1, 1957, for shortages in member deductions on salary paid or payable under
11.34 paragraph (b), or for shortages in member deductions for persons employed by the
11.35 Minnesota State Colleges and Universities system in a faculty position or in an eligible

12.1 unclassified administrative position and whose employment was less than 25 percent
12.2 of a full academic year, exclusive of the summer session, for the applicable institution
12.3 that exceeds the most recent 36 months.

12.4 (b) For a person who is employed by the Minnesota State Colleges and Universities
12.5 system in a faculty position or in an eligible unclassified administrative position and whose
12.6 employment was less than 25 percent of a full academic year, exclusive of the summer
12.7 session, for the applicable institution, upon the person's election under section 354B.21 of
12.8 retirement coverage under this chapter, the shortage in member deductions on the salary
12.9 for employment by the Minnesota State Colleges and Universities system institution of less
12.10 than 25 percent of a full academic year, exclusive of the summer session, for the applicable
12.11 institution for the most recent 36 months and the associated employer contributions must
12.12 be paid by the Minnesota State Colleges and Universities system institution, plus annual
12.13 compound interest at the applicable rate of 8.5 percent from the end of the fiscal year in
12.14 which the shortage occurred to the end of the month in which the Teachers Retirement
12.15 Association coverage election is made. The applicable rate is 8.5 percent for the period
12.16 before July 1, 2015, and 8 percent for the period after June 30, 2015. An individual
12.17 electing coverage under this paragraph shall repay the amount of the shortage in member
12.18 deductions, plus interest, through deduction from salary or compensation payments within
12.19 the first year of employment after the election under section 354B.21, subject to the
12.20 limitations in section 16D.16. The Minnesota State Colleges and Universities system may
12.21 use any means available to recover amounts which were not recovered through deductions
12.22 from salary or compensation payments. No payment of the shortage in member deductions
12.23 under this paragraph may be made for a period longer than the most recent 36 months.

12.24 Sec. 18. Minnesota Statutes 2014, section 354.52, subdivision 4, is amended to read:

12.25 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all
12.26 amounts due to the association and furnish a statement indicating the amount due and
12.27 transmitted with any other information required by the executive director. If an amount
12.28 due is not received by the association within 14 calendar days of the payroll warrant,
12.29 the amount accrues interest at ~~an~~ the applicable annual rate of ~~8.5 percent~~
12.30 annually from the due date until the amount is received by the association. The applicable
12.31 rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after June
12.32 30, 2015. All amounts due and other employer obligations not remitted within 60 days
12.33 of notification by the association must be certified to the commissioner of management
12.34 and budget who shall deduct the amount from any state aid or appropriation amount
12.35 applicable to the employing unit.

13.1 Sec. 19. Minnesota Statutes 2014, section 354A.093, subdivision 6, is amended to read:

13.2 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
13.3 employee and employer contribution amounts payable under this section. Interest must be
13.4 computed at a the applicable rate of 8.5 percent compounded annually from the end of
13.5 each fiscal year of the leave or break in service to the end of the month in which payment
13.6 is received. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8
13.7 percent for the period after June 30, 2015.

13.8 Sec. 20. Minnesota Statutes 2014, section 354A.38, subdivision 3, is amended to read:

13.9 Subd. 3. **Computation of refund repayment amount.** If the coordinated member
13.10 elects to repay a refund under subdivision 2, the repayment to the fund must be in an
13.11 amount equal to refunds the member has accepted plus interest at the applicable rate of 8.5
13.12 percent compounded annually from the date that the refund was accepted to the date that
13.13 the refund is repaid. The applicable rate is 8.5 percent for the period before July 1, 2015,
13.14 and 8 percent for the period after June 30, 2015.

13.15 Sec. 21. Minnesota Statutes 2014, section 354B.23, subdivision 5, is amended to read:

13.16 Subd. 5. **Omitted member deductions.** (a) If the employing unit that employs a
13.17 plan participant fails to deduct the member contribution from the participant's salary and a
13.18 period of less than 60 days from the date on which the deduction should have been made
13.19 has elapsed, the employing unit must obtain the omitted member deduction by an additional
13.20 payroll deduction during the pay period next following the discovery of the omission.

13.21 (b) If the employing unit of a plan participant fails to deduct the member contribution
13.22 from the participant's salary and that omission continues for at least 60 days from the
13.23 date on which the deduction should have been made, the employing unit must pay the
13.24 amount representing the omitted member contribution, and the full required employer
13.25 contribution, plus compound interest at ~~an~~ the applicable annual rate of 8.5 percent. The
13.26 applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the
13.27 period after June 30, 2015. The contributions and any interest must be made within one
13.28 year of the date on which the omission was discovered.

13.29 Sec. 22. Minnesota Statutes 2014, section 354C.12, subdivision 2, is amended to read:

13.30 Subd. 2. **Omitted deductions.** If the employer of personnel covered by the
13.31 supplemental retirement plan as provided in section 354C.11 fails to deduct the member
13.32 basic contribution from the covered employee's salary and a period of less than 60 days
13.33 from the date on which the deduction should have been made has elapsed, the employer

14.1 must obtain the omitted member deduction by an additional payroll deduction during the
14.2 pay period next following the discovery of the omission. If the employer fails to deduct
14.3 the member basic contribution from the covered employee's salary and that omission
14.4 continues for at least 60 days from the date on which the member basic contribution
14.5 deduction should have been made, the employer must pay the amount representing
14.6 the omitted member basic contribution, and the full required omitted employer basic
14.7 contribution, plus compound interest at ~~an~~ the applicable annual rate of 8.5 percent. The
14.8 applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the
14.9 period after June 30, 2015. The contributions must be made within one year of the date on
14.10 which the omission was discovered.

14.11 Sec. 23. Minnesota Statutes 2014, section 356.44, is amended to read:

14.12 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

14.13 (a) Notwithstanding any provision of law to the contrary, a member of a pension
14.14 plan listed in section 356.30, subdivision 3, with at least two years of forfeited service
14.15 taken from a single pension plan, may repay a portion of all refunds. A partial refund
14.16 repayment must comply with this section.

14.17 (b) The minimum portion of a refund repayment is one-third of the total service
14.18 credit period of all refunds taken from a single plan.

14.19 (c) The cost of the partial refund repayment is the product of the cost of the total
14.20 repayment multiplied by the ratio of the restored service credit to the total forfeited service
14.21 credit. The total repayment amount includes interest at the applicable annual rate of 8.5
14.22 percent, compounded annually, from the refund date to the date repayment is received.
14.23 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
14.24 the period after June 30, 2015.

14.25 (d) The restored service credit must be allocated based on the relationship the
14.26 restored service bears to the total service credit period for all refunds taken from a single
14.27 pension plan.

14.28 (e) This section does not authorize a public pension plan member to repay a refund
14.29 if the law governing the plan does not authorize the repayment of a refund of member
14.30 contributions.

14.31 Sec. 24. Minnesota Statutes 2014, section 490.124, subdivision 12, is amended to read:

14.32 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund
14.33 in an amount that is equal to all of the member's employee contributions to the judges'
14.34 retirement fund plus interest computed under section 352.22, subdivision 2.

15.1 (b) A refund of contributions under paragraph (a) terminates all service credits and
15.2 all rights and benefits of the judge and the judge's survivors under this chapter.

15.3 (c) A person who becomes a judge again after taking a refund under paragraph (a)
15.4 may reinstate the previously terminated allowable service credit, rights, and benefits by
15.5 repaying the total amount of the previously received refund. The refund repayment must
15.6 include interest on the total amount previously received at ~~an~~ the applicable annual rate of
15.7 ~~8.5 percent~~, compounded annually, from the date on which the refund was received until
15.8 the date on which the refund is repaid. The applicable rate is 8.5 percent for the period
15.9 before July 1, 2015, and 8 percent for the period after June 30, 2015.

15.10 Sec. 25. **EFFECTIVE DATE.**

15.11 Sections 1 to 24 are effective July 1, 2015."

15.12 Amend the title accordingly