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1.1 A bill for an act
 1.2 relating to retirement;; amending Minnesota Statutes
 1.3 2018, section 69.031, subdivision 5; proposing coding for new law in Minnesota
 1.4 Statutes, chapters 353G; 424A.

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

1.6 Section 1. Minnesota Statutes 2018, section 69.031, subdivision 5, is amended to read:

1.7 Subd. 5. **Deposit of state aid.** (a)(1) If the municipality or the independent nonprofit
 1.8 firefighting corporation is covered by the voluntary statewide ~~lump-sum~~ volunteer firefighter
 1.9 retirement plan under chapter 353G, the executive director shall credit the fire state aid
 1.10 against future municipal contribution requirements under section 353G.08 and shall notify
 1.11 the municipality or independent nonprofit firefighting corporation of the fire state aid so
 1.12 credited at least annually.

1.13 (2) Except as provided for in section 424A.081, if the municipality or the independent
 1.14 nonprofit firefighting corporation is not covered by the voluntary statewide ~~lump-sum~~
 1.15 volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after
 1.16 receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
 1.17 association if there is one organized and the association has filed a financial report with the
 1.18 municipality. If the relief association has not filed a financial report with the municipality,
 1.19 the municipal treasurer shall delay transmission of the fire state aid to the relief association
 1.20 until the complete financial report is filed.

1.21 (3) The treasurer of the municipality must deposit the fire state aid money in the municipal
 1.22 treasury if (i) the municipality or independent nonprofit firefighting corporation is not
 1.23 covered by the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan, if, (ii)

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2.1 there is no relief association organized, ~~or if (iii) the association has dissolved, or (iv) the~~
2.2 ~~association has been removed as trustees of state aid, then the treasurer of the municipality~~
2.3 ~~shall deposit the money in the municipal treasury and.~~ The money may be disbursed from
2.4 the municipal treasury only for the purposes and in the manner set forth in section 424A.08
2.5 or for the payment of the employer contribution requirement with respect to firefighters
2.6 covered by the public employees police and fire retirement plan under section 353.65,
2.7 subdivision 3.

2.8 (b) For a municipality in which police retirement coverage is provided by the public
2.9 employees police and fire fund and all peace officers are members of the fund, including
2.10 municipalities covered by section 353.665, the total state aid must be applied toward the
2.11 municipality's employer contribution to the public employees police and fire fund under
2.12 sections 353.65, subdivision 3, and 353.665, subdivision 8.

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

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

2.20 (e) The police state aid apportioned to the Departments of Public Safety and Natural
2.21 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
2.22 management and budget for transfer to the funds and accounts from which the salaries of
2.23 peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner
2.24 of revenue shall certify to the commissioners of public safety, natural resources, and
2.25 management and budget the amounts to be transferred from the appropriation for police
2.26 state aid. The commissioners of public safety and natural resources shall certify to the
2.27 commissioner of management and budget the amounts to be credited to each of the funds
2.28 and accounts from which the peace officers employed by their respective departments are
2.29 paid. Each commissioner shall allocate the police state aid first for employer contributions
2.30 for employees funded from the general fund and then for employer contributions for
2.31 employees funded from other funds. For peace officers whose salaries are paid from the
2.32 general fund, the amounts transferred from the appropriation for police state aid must be
2.33 canceled to the general fund.

2.34 **EFFECTIVE DATE.** This section is effective July 1, 2019.

3.1 **Sec. 2. [353G.20] COMBINATION FIRE DEPARTMENTS FIRE STATE AID.**

3.2 Subdivision 1. Eligibility. The executive director must allocate fire state aid as required
3.3 under subdivision 3 on behalf of an eligible municipality. A municipality is eligible under
3.4 this section if it meets the following requirements:

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3.5 (1) the municipality has volunteer firefighters that are covered by the plan and firefighters
3.6 that are covered by the public employees police and fire retirement plan; and

3.7 (2) the municipality has submitted an aid allocation agreement that meets the requirements
3.8 of subdivision 2.

3.9 Subd. 2. Aid allocation agreement. (a) The aid allocation agreement must be in writing
3.10 and include the following:

3.11 (1) the percentage of the municipality's annual fire state aid to be allocated for municipal
3.12 contributions to the plan and the percentage to be allocated for employer contributions to
3.13 the public employees police and fire retirement plan under section 353.65;

3.14 (2) the signature of an individual authorized to sign on behalf of the municipality; and

3.15 (3) the signatures of the majority of the members associated with the municipality.

3.16 (b) The signatures of the majority of members associated with the municipality constitutes
3.17 consent of the volunteer firefighters for the purposes of this section.

3.18 (c) Prior to obtaining signatures from the member under paragraph (a), the municipality
3.19 must provide a copy of the agreement and a summary describing the allocation agreement
3.20 and the effect of their signatures under paragraph (b).

3.21 (d) The agreement must be filed with the executive director by March 30 of the first
3.22 year in which aid is to be allocated.

3.23 Subd. 3. Allocation of fire state aid. (a) Upon receipt of the fire state aid under section
3.24 69.031, subdivision 5, paragraph (a), the executive director must allocate the fire state aid
3.25 on behalf of an eligible municipality according to the percentages indicated in the aid
3.26 allocation agreement. The allocated aid must be credited against future municipal
3.27 contributions to the plan under section 353G.08, subdivision 1a, and against future employer
3.28 contributions to the public employees police and fire retirement plan under section 353.65.
3.29 If the amount credited for employer contributions to the public employees police and fire
3.30 retirement plan exceed the actual required employer contributions in a given fiscal year,
3.31 the balance must be reallocated to the voluntary statewide volunteer firefighter retirement
3.32 plan.

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4.1 (b) The executive director must provide the municipality with a statement of the allocated
4.2 fire state aid by December 31 of each year.

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4.3 Subd. 4. **Modifying the state aid allocation agreement.** The aid allocation agreement
4.4 may be modified provided that the modifications are made in the manner described under
4.5 subdivision 2.

4.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

4.7 Sec. 3. **[424A.081] COMBINATION FIRE DEPARTMENTS.**

4.8 Subdivision 1. **Eligibility.** A municipality entitled to receive fire state aid under section
4.9 69.031, subdivision 5, paragraph (b) must disburse the fire state aid in accordance with
4.10 subdivision 3 if it meets both of the following conditions:

4.11 (1) the municipality has volunteer firefighters that are covered by a relief association
4.12 and firefighters that are covered by the police and fire plan of the Public Employees
4.13 Retirement Association; and

4.14 (2) the municipality and the relief association agree to an aid disbursement agreement
4.15 under subdivision 2.

4.16 Subd. 2. **Aid disbursement agreement.** (a) An aid disbursement agreement must meet
4.17 the requirements of this subdivision.

4.18 (b) The aid disbursement agreement is in writing.

4.19 (c) The terms of the aid disbursement agreement include the percentage of the total
4.20 annual fire state aid that will be transmitted to the fire relief association and the percentage
4.21 that will be retained by the municipality and the sum of the percentages is one hundred
4.22 percent.

4.23 (d) The terms of the aid disbursement agreement do not require the violation of any
4.24 provision in this section.

4.25 (e) An individual authorized to sign on behalf of the municipality must sign the aid
4.26 disbursement agreement certifying that the municipality consents to the terms of the
4.27 agreement.

4.28 (f) The president of the relief association or a representative duly appointed for the
4.29 purposes of this section must sign the aid disbursement agreement. The signature of the
4.30 president or representative certifies the consent of the relief association to the terms of the
4.31 agreement. The president or representative may only certify the consent of the relief
4.32 association to an aid disbursement agreement upon completion of the following:

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5.1 (1) The relief association or the municipality must mail written notice to the address of
 5.2 record of each member of the relief association. The notice must include the final terms of
 5.3 the aid disbursement agreement. The notice may include a letter of support from the president
 5.4 or board of the relief association.

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5.5 (2) No earlier than 30 days following the mailing of the notice under clause (1), the
 5.6 board of trustees of the relief association must hold a vote to approve the aid disbursement
 5.7 agreement or to submit the agreement to the membership for a vote. If a majority of the
 5.8 board or, if submitted to the membership, a majority of the membership vote to accept the
 5.9 proposed terms of the agreement, then the association has consented to the agreement.

5.10 Subd. 3. Disbursement of fire state aid. (a) Within 30 days of receipt of the fire state
 5.11 aid money under section 69.031, subdivision 5, paragraph (b), the municipal treasurer of
 5.12 an eligible municipality must transmit to the relief association:

5.13 (1) an amount equal to the percentage of the annual state aid agreed to in the aid
 5.14 disbursement agreement; and

5.15 (2) a statement of amount of the total annual state aid that the municipality received and
 5.16 the amount transmitted to the relief association under clause (1).

5.17 (b) The fire state aid money retained by the municipal treasurer may only be disbursed
 5.18 for the payment of employer contributions for firefighters covered by the public employees
 5.19 police and fire retirement plan.

5.20 (c) Fire state aid money received by the municipal treasurer but not disbursed by the
 5.21 end of the fiscal year in which it was received, must be transmitted to the relief association.

5.22 Subd. 4. Modifying the state aid disbursement agreement. The municipality and relief
 5.23 association may modify the state aid disbursement agreement, provided that the modification
 5.24 is in writing and the municipality and relief association consent to the modifications using
 5.25 the procedure under subdivision 2, paragraphs (e) and (f).

5.26 Subd. 5. Filing requirement. The municipality must file a copy of the agreement or
 5.27 modified agreement with the state auditor by March 30 of the year in which aid is to be
 5.28 disbursed. Failure of the municipality to file with the state auditor disqualifies the
 5.29 municipality from the disbursement of any future fire state aid until the filing requirement
 5.30 has been completed. If the state auditor determines that an aid disbursement agreement does
 5.31 not meet the requirements of subdivision 2, then any future fire state aid must be transmitted
 5.32 to the fire relief association until the agreement meets the requirements under subdivision
 5.33 2.

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6.1 **EFFECTIVE DATE.** This section is effective July 1, 2019.

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