

1.1 A bill for an act

1.2 relating to retirement; various retirement plans; Minnesota deferred compensation  
1.3 program; unclassified state employees retirement program; adding employing  
1.4 unit accommodating daily valuation of investment accounts; eliminating  
1.5 administrative fee maximum; redefining TRA allowable service credit; defining  
1.6 annual base salary, requiring base salary reporting by TRA-covered employing  
1.7 units; extending and revising an early retirement incentive program; permitting  
1.8 the court-ordered revocation of an optional annuity election in certain marriage  
1.9 dissolutions; making changes of an administrative nature in the general  
1.10 employees retirement plan of the Public Employees Retirement Association, the  
1.11 public employees police and fire retirement plan, and the defined contribution  
1.12 retirement plan; making changes of an administrative nature in the Minnesota  
1.13 State Colleges and Universities System individual retirement account plan;  
1.14 setting deadline dates for actuarial reporting; amending Minnesota Statutes 2008,  
1.15 sections 352.965, subdivision 6; 352D.015, subdivision 9; 352D.04, subdivision  
1.16 1; 352D.05, subdivision 3; 352D.06, subdivision 3; 352D.065, subdivision 3;  
1.17 352D.09, subdivisions 3, 7; 353.01, subdivisions 2b, 2d; 353.03, subdivision  
1.18 1; 353.27, subdivisions 4, 10; 353D.01, subdivision 2; 353D.03, subdivision  
1.19 1; 353D.04, subdivisions 1, 2; 353F.025, subdivisions 1, 2; 354.05, by adding  
1.20 a subdivision; 354.091; 354.52, subdivisions 4b, 6, by adding a subdivision;  
1.21 354.66, subdivision 3; 354B.25, subdivisions 1, 3; 354C.14; 356.215, subdivision  
1.22 3; 356.351, subdivisions 1, 2, as amended; 356.96, subdivisions 2, 3, 7, 8;  
1.23 518.58, subdivisions 3, 4; Minnesota Statutes 2009 Supplement, sections 353.01,  
1.24 subdivisions 2, 2a; 353.27, subdivision 7; 353.371, subdivision 4; 353F.02,  
1.25 subdivision 4; 356.96, subdivision 5; Laws 2009, chapter 169, article 4, section  
1.26 49; article 5, section 2; proposing coding for new law in Minnesota Statutes,  
1.27 chapter 356; repealing Minnesota Statutes 2008, sections 353.46, subdivision 1a;  
1.28 353D.03, subdivision 2; 353D.12; 354C.15.

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

1.30 **ARTICLE 1**

1.31 **MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS**

1.32 Section 1. Minnesota Statutes 2008, section 352.965, subdivision 6, is amended to read:

2.1 Subd. 6. **Plan administrative expenses.** (a) The reasonable and necessary  
2.2 administrative expenses of the deferred compensation plan may be charged to plan  
2.3 participants in the form of an annual fee, an asset-based fee, a percentage of the  
2.4 contributions to the plan, or a combination thereof, as set forth in the plan document. The  
2.5 executive director of the system at the direction of the board of directors shall establish  
2.6 procedures to carry out this section including allocation of administrative costs of the plan  
2.7 to participants. Processes and procedures shall be set forth in the plan document. Fees  
2.8 cannot be charged on contributions and investment returns attributable to contributions  
2.9 made to the Minnesota supplemental investment funds before July 1, 1992.

2.10 (b) The plan document must conform to federal and state tax laws, regulations, and  
2.11 rulings, and is not subject to the Administrative Procedure Act.

2.12 (c) The executive director may contract with a third party to perform administrative  
2.13 and record keeping functions. The executive director may solicit bids and negotiate such  
2.14 contracts. Participating employers must provide the necessary data to the third-party  
2.15 administrator as determined by the executive director. The third-party record keeper and  
2.16 the Minnesota State Retirement System shall follow the data privacy provisions under  
2.17 chapter 13. The third-party record keeper may not solicit participants for any product or  
2.18 services not related to the deferred compensation plan.

2.19 (d) The board of directors may authorize a third-party investment consultant to  
2.20 provide investment information and advice, provided that the offering of such information  
2.21 and advice is consistent with the investment advice requirements applicable to private  
2.22 plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public Law  
2.23 109-280, section 601.

2.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

## 2.25 ARTICLE 2

### 2.26 MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT 2.27 PROGRAM AMENDMENTS

2.28 Section 1. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to  
2.29 read:

2.30 Subd. 9. **Value.** "Value" means ~~cash value at the end of the month following receipt~~  
2.31 ~~of an application. If no application is required, "value" means the cash value at the end~~  
2.32 ~~of the month in which the event necessitating the transfer occurs~~ the market value of the  
2.33 account at the end of the United States investment market day.

2.34 **EFFECTIVE DATE.** This section is effective July 1, 2010.

3.1 Sec. 2. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

3.2 Subdivision 1. **Investment options.** (a) A person exercising an option to participate  
3.3 in the retirement program provided by this chapter may elect to purchase shares in one or  
3.4 a combination of the income share account, the growth share account, the international  
3.5 share account, the money market account, the bond market account, the fixed interest  
3.6 account, or the common stock index account established in section 11A.17. The person  
3.7 may elect to participate in one or more of the investment accounts in the fund by  
3.8 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the  
3.9 percentage of the person's contributions provided in subdivision 2 to be used to purchase  
3.10 shares in each of the accounts.

3.11 (b) A participant may ~~indicate in writing on forms provided~~, in a manner prescribed  
3.12 ~~by the Minnesota State Retirement System a choice of options~~ executive director, choose  
3.13 their investment allocation for subsequent purchases of shares. Until a different written  
3.14 indication is made by the participant, the executive director shall purchase shares in the  
3.15 supplemental fund as selected by the participant. If no initial option is chosen, 100 percent  
3.16 income shares must be purchased for a participant. A change in choice of investment  
3.17 option is effective ~~no later than the first pay date first occurring after 30 days following the~~  
3.18 ~~receipt of the request for a change~~ at the end of the most recent United States investment  
3.19 market day.

3.20 (c) ~~Shares in the fixed interest account attributable to any guaranteed investment~~  
3.21 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~  
3.22 ~~account until the guaranteed investment contract has expired, unless the participant~~  
3.23 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~  
3.24 ~~352D.06 to 352D.075.~~

3.25 (d) (c) A participant or former participant may also change the investment options  
3.26 selected for all or a portion of the participant's shares previously purchased in accounts,  
3.27 subject to the ~~provisions of paragraph (c) concerning the fixed interest account. Changes~~  
3.28 ~~in investment options for the participant's shares must be effected as soon as cash flow to~~  
3.29 ~~an account practically permits, but not later than six months after the requested change~~  
3.30 trading restrictions imposed on the investment option.

3.31 **EFFECTIVE DATE.** This section is effective July 1, 2010.

3.32 Sec. 3. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

3.33 Subd. 3. **Full or partial withdrawal.** After termination of covered employment  
3.34 or at any time thereafter, a participant is entitled, upon application, to withdraw the cash  
3.35 value of the participant's total shares or leave such shares on deposit with the supplemental

4.1 retirement fund. The account is valued at the end of the ~~month in which~~ most recent  
4.2 United States investment market day following receipt of the application for withdrawal is  
4.3 made. Shares not withdrawn remain on deposit with the supplemental retirement fund  
4.4 until the former participant becomes at least 55 years old, and applies for an annuity under  
4.5 section 352D.06, subdivision 1.

4.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

4.7 Sec. 4. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

4.8 Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the~~  
4.9 ~~first full month after an application is received or the day following termination of state~~  
4.10 ~~service, whichever is later. The account must be valued and redeemed on the later of the~~  
4.11 ~~end of the month of termination of covered employment, or the end of the month of receipt~~  
4.12 ~~of the annuity application for the purpose of computing the annuity~~ day following receipt  
4.13 of the application or the day following termination, whichever is later. The benefit will be  
4.14 based on the value of the account the day following receipt of the application or the date of  
4.15 termination, whichever is later, plus any contributions and interest received after that date.

4.16 **EFFECTIVE DATE.** This section is effective July 1, 2010.

4.17 Sec. 5. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

4.18 Subd. 3. **Annuity payment.** The annuity payable under this section shall begin to  
4.19 accrue the ~~first day of the month following the date of disability~~ receipt of the application  
4.20 or the day after termination, whichever is later, plus any contributions and interest received  
4.21 after that date, and shall be based on the participant's age when the annuity begins to  
4.22 accrue. The shares shall be valued as of the end of the ~~month following authorization of~~  
4.23 ~~payments~~ day on which the benefit accrues.

4.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

4.25 Sec. 6. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

4.26 Subd. 3. **Prospectus.** (a) The executive director shall annually ~~distribute~~ make  
4.27 available by electronic means to each participant the prospectus prepared by the  
4.28 supplemental fund, by July 1 or when received from such fund, whichever is later, ~~to~~  
4.29 ~~each participant in covered employment.~~

4.30 (b) Any participant may contact the Minnesota State Retirement System and request  
4.31 a copy of the prospectus.

5.1 **EFFECTIVE DATE.** This section is effective July 1, 2010.

5.2 Sec. 7. Minnesota Statutes 2008, section 352D.09, subdivision 7, is amended to read:

5.3 Subd. 7. **Administrative fees.** The board of directors shall establish a budget  
5.4 and charge participants a reasonable fee to pay the administrative expenses of the  
5.5 unclassified program. Fees cannot be charged on contributions and investment returns  
5.6 attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan  
5.7 administration cannot exceed 10/100 of one percent of the contributions and investment  
5.8 returns attributable to contributions made on or after July 1, 1992.~~

5.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

### 5.10 **ARTICLE 3**

#### 5.11 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION** 5.12 **ADMINISTRATIVE PROVISIONS**

5.13 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is  
5.14 amended to read:

5.15 Subd. 2. **Public employee.** "Public employee" means a governmental employee  
5.16 or a public officer performing personal services for a governmental subdivision defined  
5.17 in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from  
5.18 taxation, fees, assessments, or from other sources. For purposes of membership in the  
5.19 association, the term includes the classes of persons ~~described or~~ listed in subdivision  
5.20 2a and excludes the classes of persons listed in subdivision 2b. The term also includes  
5.21 persons who elect association membership under subdivision 2d, paragraph (a), and  
5.22 persons for whom the applicable governmental subdivision had elected association  
5.23 membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons~~  
5.24 ~~listed in subdivision 2b for purposes of membership in the association.~~

5.25 **EFFECTIVE DATE.** This section is effective July 1, 2010.

5.26 Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is  
5.27 amended to read:

5.28 Subd. 2a. **Included employees; mandatory membership.** (a) ~~Public employees~~  
5.29 ~~whose salary from employment in one or more positions within one governmental~~  
5.30 ~~subdivision exceeds \$425 in any month shall participate as members of the association.~~  
5.31 ~~If the salary is less than \$425 in a subsequent month, the employee retains membership~~  
5.32 ~~eligibility. Eligible Public employees shall whose salary exceeds \$425 in any month and~~

6.1 who are not specifically excluded under subdivision 2b or provided an option to participate  
6.2 under subdivision 2d, whether individually or by action of the governmental subdivision,  
6.3 must participate as members of the association with retirement coverage by the public  
6.4 employees retirement plan or the public employees police and fire retirement plan under  
6.5 this chapter, or the local government correctional employees retirement plan under chapter  
6.6 353E, whichever applies; ~~Membership commences~~ as a condition of their employment on  
6.7 the first day of ~~their employment unless they~~ or on the first day the eligibility criteria are  
6.8 met, whichever is later. Public employees include but are not limited to:

6.9 ~~(1) are specifically excluded under subdivision 2b;~~  
6.10 ~~(2) do not exercise their option to elect retirement coverage in the association as~~  
6.11 ~~provided in subdivision 2d, paragraph (a); or~~  
6.12 ~~(3) are employees of the governmental subdivisions listed in subdivision 2d,~~  
6.13 ~~paragraph (b), where the governmental subdivision has not elected to participate as a~~  
6.14 ~~governmental subdivision covered by the association.~~

6.15 (1) persons whose salary meets the threshold in paragraph (a) from employment in  
6.16 one or more positions within one governmental subdivision;

6.17 (2) elected county sheriffs;

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

6.20 (i) town and city clerk or treasurer;

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

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

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

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

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

6.28 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis  
6.29 Police Relief Association who are not excluded employees under subdivision 2b due  
6.30 to coverage by the relief association pension plan and who elected Public Employee  
6.31 Retirement Association general plan coverage before August 20, 2009.

6.32 (b) A public employee or elected official who was a member of the association on  
6.33 June 30, 2002, based on employment that qualified for membership coverage by the public  
6.34 employees retirement plan or the public employees police and fire plan under this chapter,  
6.35 or the local government correctional employees retirement plan under chapter 353E as of  
6.36 June 30, 2002, retains that membership for the duration of the person's employment in that

7.1 position or incumbency in elected office. Except as provided in subdivision 28, the person  
7.2 shall participate as a member until the employee or elected official terminates public  
7.3 employment under subdivision 11a or terminates membership under subdivision 11b.

7.4 ~~(c) Public employees under paragraph (a) include:~~

7.5 ~~(1) physicians under section 353D.01, subdivision 2, who do not elect public~~  
7.6 ~~employees defined contribution plan coverage under section 353D.02, subdivision 2;~~

7.7 ~~(2) full-time employees of the Dakota County Agricultural Society; and~~

7.8 ~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~  
7.9 ~~Police Relief Association who are not excluded employees under subdivision 2b due to~~  
7.10 ~~coverage by the relief association pension plan and who elect Public Employee Retirement~~  
7.11 ~~Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

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

7.14 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that paragraph  
7.15 (a), clause (3) applies to any person first appointed, elected or contracted after June 30,  
7.16 2010.

7.17 Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

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

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

7.24 (2) public officers, other than county sheriffs, who are elected to a governing body,  
7.25 the mayor of a city, or persons who are appointed to fill a vacancy in an elective office  
7.26 of a governing body, whose term of office commences on or after July 1, 2002, for the  
7.27 service to be rendered in that elective position;

7.28 ~~(2)~~ (3) election officers or election judges;

7.29 ~~(3)~~ (4) patient and inmate personnel who perform services for a governmental  
7.30 subdivision;

7.31 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired  
7.32 for a temporary position as defined under subdivision 12a, and employees who resign  
7.33 from a nontemporary position and accept a temporary position within 30 days in the  
7.34 same governmental subdivision;

8.1 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,  
8.2 flood, storm, or similar disaster;

8.3 ~~(6)~~ (7) employees who by virtue of their employment in one governmental  
8.4 subdivision are required by law to be a member of and to contribute to any of the plans or  
8.5 funds administered by the Minnesota State Retirement System, the Teachers Retirement  
8.6 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers  
8.7 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police  
8.8 or firefighters relief association governed by section 69.77 that has not consolidated  
8.9 with the Public Employees Retirement Association, or any local police or firefighters  
8.10 consolidation account who have not elected the type of benefit coverage provided by the  
8.11 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons  
8.12 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees  
8.13 police and fire plan benefit coverage. This clause must not be construed to prevent a person  
8.14 from being a member of and contributing to the Public Employees Retirement Association  
8.15 and also belonging to and contributing to another public pension plan or fund for other  
8.16 service occurring during the same period of time. A person who meets the definition of  
8.17 "public employee" in subdivision 2 by virtue of other service occurring during the same  
8.18 period of time becomes a member of the association unless contributions are made to  
8.19 another public retirement fund on the salary based on the other service or to the Teachers  
8.20 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

8.21 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage  
8.22 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the  
8.23 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),  
8.24 as amended through January 1, 1987, if no irrevocable election of coverage has been made  
8.25 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

8.26 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of  
8.27 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time  
8.28 basis at an accredited school, college, or university in an undergraduate, graduate, or  
8.29 professional-technical program, or a public or charter high school;

8.30 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and  
8.31 pharmacist interns who are serving in a degree or residency program in public hospitals  
8.32 or clinics;

8.33 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored  
8.34 by an accredited educational institution;

8.35 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license  
8.36 who render part-time teaching service in a technical college;

9.1 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,  
9.2 Inc., foreign citizens working for a governmental subdivision with a work permit ~~of less~~  
9.3 ~~than three years~~, or an H-1b visa ~~valid initially issued or extended for a combined period~~  
9.4 less than three years of employment. Upon ~~notice to the association that the work permit~~  
9.5 ~~or visa extends~~ extension of the employment beyond the three-year period, the foreign  
9.6 citizens must be reported for membership ~~from the date of the extension~~ beginning the  
9.7 first of the month thereafter provided the monthly earnings as stated under subdivision 2a  
9.8 are met;

9.9 ~~(13)~~ (14) public hospital employees who elected not to participate as members  
9.10 of the association before 1972 and who did not elect to participate from July 1, 1988,  
9.11 to October 1, 1988;

9.12 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service  
9.13 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance  
9.14 service personnel may still qualify as public employees under subdivision 2 and may  
9.15 be members of the Public Employees Retirement Association and participants in the  
9.16 public employees retirement fund or the public employees police and fire fund, whichever  
9.17 applies, on the basis of compensation received from public employment service other than  
9.18 service as volunteer ambulance service personnel;

9.19 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined  
9.20 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter  
9.21 duties; provided that a person who is a volunteer firefighter may still qualify as a public  
9.22 employee under subdivision 2 and may be a member of the Public Employees Retirement  
9.23 Association and a participant in the public employees retirement fund or the public  
9.24 employees police and fire fund, whichever applies, on the basis of compensation received  
9.25 from public employment activities other than those as a volunteer firefighter;

9.26 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent  
9.27 School District No. 625, St. Paul, with coverage under a collective bargaining agreement  
9.28 by the pipefitters local 455 pension plan who were either first employed after May 1,  
9.29 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,  
9.30 chapter 241, article 2, section 12;

9.31 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel  
9.32 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,  
9.33 who have retirement coverage under a collective bargaining agreement by the Electrical  
9.34 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,  
9.35 or the Carpenters Local 87 pension plan who were either first employed after May 1,

10.1 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,  
10.2 chapter 461, article 7, section 5;

10.3 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
10.4 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or  
10.5 Independent School District No. 625, St. Paul, with coverage under a collective  
10.6 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,  
10.7 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
10.8 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
10.9 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
10.10 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
10.11 Session chapter 10, article 10, section 6;

10.12 ~~(19)~~ (20) plumbers employed by the Metropolitan Airports Commission, with  
10.13 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
10.14 who either were first employed after May 1, 2001, or if first employed before May 2,  
10.15 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
10.16 10, section 6;

10.17 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions  
10.18 under subdivision 12b which are limited in duration by the employer to 185 consecutive  
10.19 calendar days or less in each year of employment with the governmental subdivision;

10.20 ~~(21)~~ (22) persons who are provided supported employment or work-study positions  
10.21 by a governmental subdivision and who participate in an employment or industries  
10.22 program maintained for the benefit of these persons where the governmental subdivision  
10.23 limits the position's duration to three years or less, including persons participating in a  
10.24 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or  
10.25 unemployment relief program where the training or work experience is not provided as a  
10.26 part of, or for, future permanent public employment;

10.27 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

10.28 ~~(23)~~ (24) reemployed annuitants of the association during the course of that  
10.29 reemployment; and

10.30 (25) persons appointed to serve on a board or commission of a governmental  
10.31 subdivision or instrumentality thereof.

10.32 (b) Any person performing the duties of a public officer in a position defined in  
10.33 subdivision 2a, paragraph (a), clause (3), is not an independent contractor nor an employee  
10.34 of an independent contractor.

10.35 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)  
10.36 is effective for persons first appointed after June 30, 2010.

11.1 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

11.2 Subd. 2d. **Optional membership.** (a) Membership in the association is optional  
11.3 by action of the individual employee for the following public employees who meet the  
11.4 conditions set forth in subdivision 2a:

11.5 (1) members of the coordinated plan who are also employees of labor organizations  
11.6 as defined in section 353.017, subdivision 1, for their employment by the labor  
11.7 organization only, if they elect to have membership under section 353.017, subdivision 2;

11.8 (2) persons who are elected or persons who are appointed to elected positions other  
11.9 than local governing body elected positions who elect to participate by filing a written  
11.10 election for membership;

11.11 (3) members of the association who are appointed by the governor to be a state  
11.12 department head and who elect not to be covered by the general state employees retirement  
11.13 plan of the Minnesota State Retirement System under section 352.021;

11.14 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be  
11.15 excluded from membership in the association under section 353.028, subdivision 2; and

11.16 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,  
11.17 who were at least age 45 on that date, and who elected to participate by filing a written  
11.18 election for membership.

11.19 (b) Membership in the association is optional by action of the governmental  
11.20 subdivision for the employees of the following governmental subdivisions under the  
11.21 conditions specified:

11.22 (1) the Minnesota Association of Townships if the board of that association, at its  
11.23 option, certifies to the executive director that its employees who meet the conditions set  
11.24 forth in subdivision 2a are to be included for purposes of retirement coverage, in which  
11.25 case the status of the association as a participating employer is permanent;

11.26 (2) a county historical society if the county in which the historical society is located,  
11.27 at its option, certifies to the executive director that the employees of the historical society  
11.28 who meet the conditions set forth in subdivision 2a are to be considered county employees  
11.29 for purposes of retirement coverage under this chapter. The status as a county employee  
11.30 must be accorded to all similarly situated county historical society employees and, once  
11.31 established, must continue as long as a person is an employee of the county historical  
11.32 society; and

11.33 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to  
11.34 employees other than paramedics, emergency medical technicians, and protection officers,  
11.35 if the corporate board establishes alternative retirement plans for certain classes of

12.1 employees of the corporation and certifies to the association the applicable employees to  
12.2 be excluded from future retirement coverage.

12.3 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or  
12.4 covered by paragraph (b), clause (1) or (2), if the necessary membership election is  
12.5 not made, the employee is excluded from retirement coverage under this chapter. For  
12.6 employees who are covered by paragraph (a), clause (4), if the necessary election is not  
12.7 made, the employee must become a member and have retirement coverage under this  
12.8 chapter. For employees specified in paragraph (b), clause (3), membership continues until  
12.9 the exclusion option is exercised for the designated class of employee.

12.10 (d) The option to become a member, once exercised under this subdivision, may not  
12.11 be withdrawn until the termination of public service as defined under subdivision 11a.

12.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

12.13 Sec. 5. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

12.14 Subdivision 1. **Management; composition; election.** (a) The management of the  
12.15 public employees retirement fund is vested in an 11-member board of trustees consisting  
12.16 of ten members and the state auditor. The state auditor may designate a deputy auditor  
12.17 with expertise in pension matters as the auditor's representative on the board. The  
12.18 governor shall appoint five trustees to four-year terms, one of whom shall be designated to  
12.19 represent school boards, one to represent cities, one to represent counties, one who is a  
12.20 retired annuitant, and one who is a public member knowledgeable in pension matters. The  
12.21 membership of the association, including recipients of retirement annuities and disability  
12.22 and survivor benefits, shall elect five trustees for terms of four years, one of whom must  
12.23 be a member of the police and fire fund and one of whom must be a former member who  
12.24 met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at  
12.25 least five years prior to terminating membership and who is receiving a retirement annuity  
12.26 or a member who receives a disability benefit. Terms expire on January 31 of the fourth  
12.27 year, and positions are vacant until newly elected members are seated. Except as provided  
12.28 in this subdivision, trustees elected by the membership of the association must be public  
12.29 employees and members of the association.

12.30 (b) For seven days beginning October 1 of each year preceding a year in which  
12.31 an election is held, the association shall accept ~~at its office filings in person or by mail~~  
12.32 of candidates for the board of trustees. A candidate shall submit at the time of filing a  
12.33 nominating petition signed by 25 or more members of the association. No name may  
12.34 be withdrawn from nomination by the nominee after October 15. At the request of a  
12.35 candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide

13.1 a statement of up to 300 words prepared by the candidate to all persons eligible to vote  
13.2 in the election of the candidate. The board may adopt policies, ~~subject to review and~~  
13.3 ~~approval by the secretary of state under paragraph (c), and procedures to govern the form~~  
13.4 and length of these statements, and the timing of mailings, and deadlines for submitting  
13.5 materials to be mailed. ~~The secretary of state shall resolve disputes between the board and~~  
13.6 ~~a candidate concerning application of these policies to a particular statement distributed to~~  
13.7 the eligible voters.

13.8 (c) By January 10 of each year in which elections are to be held, the board shall  
13.9 distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and  
13.10 materials necessary to vote for the candidates seeking terms on the board of trustees.  
13.11 Eligible voters are the members, retirees, and other benefit recipients. No ~~member voter~~  
13.12 may vote for more than one candidate for each board position to be filled. A ~~ballot~~  
13.13 ~~indicating a vote for more than one person for any position is void.~~ No special marking  
13.14 may be used ~~on the ballot~~ to indicate incumbents. Ballots Votes cast by using paper ballots  
13.15 mailed to the association must be postmarked no later than January 31. Votes cast by using  
13.16 phone or other electronic means authorized under the board's procedures must be entered  
13.17 by the end of the day on January 31. ~~The ballot envelopes must be so designated and the~~  
13.18 ~~ballots must be~~ design of the voting response media must be such that the votes cast are  
13.19 counted in a manner that ensures that each voter's vote is secret.

13.20 (d) A candidate who receives contributions or makes expenditures in excess of \$100,  
13.21 or has given implicit or explicit consent for any other person to receive contributions or  
13.22 make expenditures in excess of \$100 for the purpose of bringing about the candidate's  
13.23 election, shall file a report with the campaign finance and public disclosure board  
13.24 disclosing the source and amount of all contributions to the candidate's campaign. The  
13.25 campaign finance and public disclosure board shall prescribe forms governing these  
13.26 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.  
13.27 These terms do not include the mailing made by the association board on behalf of the  
13.28 candidate. A candidate shall file a report within 30 days from the day that the results of  
13.29 the election are announced. The Campaign Finance and Public Disclosure Board shall  
13.30 maintain these reports and make them available for public inspection in the same manner  
13.31 as the board maintains and makes available other reports filed with it.

13.32 (e) The secretary of state shall review and approve comment on the procedures  
13.33 defined by the board of trustees for conducting the elections specified in this subdivision,  
13.34 including board policies adopted under paragraph (b).

13.35 (f) The board of trustees and the executive director shall undertake their activities  
13.36 consistent with chapter 356A.

14.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.2 Sec. 6. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

14.3 Subd. 4. **Employer reporting requirements; contributions; member status.**

14.4 (a) A representative authorized by the head of each department shall deduct employee  
14.5 contributions from the salary of each public employee who qualifies for membership  
14.6 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,  
14.7 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is  
14.8 paid. The employer representative must also remit payment in a manner prescribed by  
14.9 the executive director for the aggregate amount of the employee contributions; and the  
14.10 required employer contributions and the additional employer contributions to be received  
14.11 by the association within 14 calendar days after each pay date. If payment is less than  
14.12 the amount required, the employer must subsequently pay the shortage amount to the  
14.13 association and collect reimbursement of any employee contribution shortage paid on  
14.14 behalf of a member through subsequent payroll withholdings from the wages of the  
14.15 employee. Payment of shortages in employee contributions and associated employer  
14.16 contributions, if applicable, must include interest at the rate under section 353.28,  
14.17 subdivision 5, if not received within 30 days following the date the amount was initially  
14.18 due under this section.

14.19 (b) The head of each department or the person's designee shall for each pay period  
14.20 submit to the association a salary deduction report in the format prescribed by the  
14.21 executive director. The report must be received by the association within 14 calendar days  
14.22 after each pay date or the employer may be assessed a fine of \$5 per calendar day until  
14.23 the association receives the required data. Data required to be submitted as part of salary  
14.24 deduction reporting must include, but are not limited to:

14.25 (1) the legal names and Social Security numbers of employees who are members;

14.26 (2) the amount of each employee's salary deduction;

14.27 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the  
14.28 pay period from which each deduction was made and the salary amount earned by a  
14.29 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or  
14.30 by a disabled member under section 353.33, subdivision 7 or 7a;

14.31 (4) the beginning and ending dates of the payroll period covered and the date of  
14.32 actual payment; and

14.33 (5) adjustments or corrections covering past pay periods as authorized by the  
14.34 executive director.

15.1           ~~(b)~~ (c) Employers must furnish the data required for enrollment for each new  
15.2 or reinstating employee who qualifies for membership in the format prescribed by the  
15.3 executive director. The required enrollment data on new ~~employees~~ members must be  
15.4 submitted to the association prior to or concurrent with the submission of the initial  
15.5 employee salary deduction. The employer shall also report to the association all member  
15.6 employment status changes, such as leaves of absence, terminations, and death, and shall  
15.7 report the effective dates of those changes, on an ongoing basis for the payroll cycle in  
15.8 which they occur. If an employer fails to comply with the reporting requirements under  
15.9 this paragraph, the executive director may assess a fine of \$25 for each failure if the  
15.10 association staff has notified the employer of the noncompliance and attempted to obtain  
15.11 the missing data or form from the employer for a period of more than three months.

15.12           (d) The employer shall furnish data, forms, and reports as may be required by  
15.13 the executive director for proper administration of the retirement system. Before  
15.14 implementing new or different computerized reporting requirements, the executive  
15.15 director shall give appropriate advance notice to governmental subdivisions to allow time  
15.16 for system modifications.

15.17           ~~(e)~~ (e) Notwithstanding paragraph (a), the association may provide for less frequent  
15.18 reporting and payments for small employers.

15.19           (f) The executive director may establish reporting procedures and methods as  
15.20 required to review compliance by employers with the salary and contribution reporting  
15.21 requirements in this chapter. A review of the payroll records of a participating employer  
15.22 may be conducted by the association on a periodic basis or as a result of concerns known  
15.23 to exist within a governmental subdivision. An employer under review must extract  
15.24 requested data and provide records to the association after receiving reasonable advanced  
15.25 notice. Failure to provide requested information or materials will result in the employer  
15.26 being liable to the association for any expenses associated with a field audit, including  
15.27 staff salaries, administrative expenses and travel expenses.

15.28           **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.29           Sec. 7. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is  
15.30 amended to read:

15.31           Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except  
15.32 as provided in paragraph (b), erroneous employee deductions and erroneous employer  
15.33 contributions and additional employer contributions for a person, who otherwise does not  
15.34 qualify for membership under this chapter, are considered:

16.1 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon  
16.2 determination of the error by the association, the person may continue membership in the  
16.3 association while employed in the same position for which erroneous deductions were  
16.4 taken, or file a written election to terminate membership and apply for a refund upon  
16.5 termination of public service or defer an annuity under section 353.34; or

16.6 (2) invalid, if the initial erroneous employee deduction began on or after January 1,  
16.7 1990. Upon determination of the error, the association shall refund all erroneous employee  
16.8 deductions and all erroneous employer contributions as specified in paragraph (e). No  
16.9 person may claim a right to continued or past membership in the association based on  
16.10 erroneous deductions which began on or after January 1, 1990.

16.11 (b) Erroneous deductions taken from the salary of a person who did not qualify  
16.12 for membership in the association by virtue of concurrent employment before July 1,  
16.13 1978, which required contributions to another retirement fund or relief association  
16.14 established for the benefit of officers and employees of a governmental subdivision, are  
16.15 invalid. Upon discovery of the error, the association shall remove all invalid service and,  
16.16 upon termination of public service, the association shall refund all erroneous employee  
16.17 deductions to the person, with interest as determined under section 353.34, subdivision 2,  
16.18 and all erroneous employer contributions without interest to the employer. This paragraph  
16.19 has both retroactive and prospective application.

16.20 (c) Adjustments to correct employer contributions and employee deductions taken  
16.21 in error from amounts which are not salary under section 353.01, subdivision 10, must  
16.22 be made as specified in paragraph (e). The period of adjustment must be limited to the  
16.23 fiscal year in which the error is discovered by the association and the immediate two  
16.24 preceding fiscal years.

16.25 (d) If there is evidence of fraud or other misconduct on the part of the employee or  
16.26 the employer, the board of trustees may authorize adjustments to the account of a member  
16.27 or former member to correct erroneous employee deductions and employer contributions  
16.28 on invalid salary and the recovery of any overpayments for a period longer than provided  
16.29 for under paragraph (c).

16.30 (e) Upon discovery of the receipt of erroneous employee deductions and employer  
16.31 contributions under paragraph (a), clause (2), or paragraph (c), the association must require  
16.32 the employer to discontinue the erroneous employee deductions and erroneous employer  
16.33 contributions reported on behalf of a member. Upon discontinuation, the association must:

16.34 (1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the  
16.35 invalid employee deductions with interest on the invalid employee deductions at the rate  
16.36 specified under section 353.34, subdivision 2, from the received date of each invalid salary

17.1 transaction through the date the credit or refund is made; ~~and the employer must pay the~~  
17.2 ~~refunded employee deductions plus interest to the member;~~

17.3 (2) for a former member who:

17.4 (i) is not receiving a retirement annuity or benefit, return the erroneous employee  
17.5 deductions to the former member through a refund with interest at the rate specified under  
17.6 section 353.34, subdivision 2, from the received date of each invalid salary transaction  
17.7 through the date the credit or refund is made; or

17.8 (ii) is receiving a retirement annuity or disability benefit, or a person who is  
17.9 receiving an optional annuity or survivor benefit, for whom it has been determined an  
17.10 overpayment must be recovered, adjust the payment amount and recover the overpayments  
17.11 as provided under this section; and

17.12 (3) return the invalid employer contributions reported on behalf of a member or  
17.13 former member to the employer by providing a credit against future contributions payable  
17.14 by the employer.

17.15 (f) In the event that a salary warrant or check from which a deduction for the  
17.16 retirement fund was taken has been canceled or the amount of the warrant or check  
17.17 returned to the funds of the department making the payment, a refund of the sum  
17.18 deducted, or any portion of it that is required to adjust the deductions, must be made  
17.19 to the department or institution.

17.20 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit  
17.21 is within the limitation period specified in paragraph (c), and an overpayment has resulted  
17.22 by using invalid service or salary, or due to any erroneous calculation procedure, the  
17.23 association must recalculate the annuity or benefit payable and recover any overpayment  
17.24 as provided under subdivision 7b.

17.25 (h) Notwithstanding the provisions of this subdivision, the association may apply  
17.26 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans  
17.27 Compliance Resolution System and not issue a refund of erroneous employee deductions  
17.28 and employer contributions or not recover a small overpayment of benefits if the cost to  
17.29 correct the error would exceed the amount of the member refund or overpayment.

17.30 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any  
17.31 failure by an employer to follow the statutory requirements for reporting eligible members  
17.32 and salary must be paid by the employer.

17.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.34 Sec. 8. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

18.1           Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually  
18.2 furnish the executive director with an exclusion report listing only those employees in  
18.3 potentially PERA-eligible positions who were not reported as members of the association  
18.4 and who worked during the school year for school employees and calendar year for  
18.5 nonschool employees. The department head must certify the accuracy and completeness  
18.6 of the exclusion report to the association. The executive director shall prescribe the  
18.7 manner and forms, including standardized exclusion codes, to be used by a governmental  
18.8 subdivision in preparing and filing exclusion reports. The executive director shall also  
18.9 check the exclusion report to ascertain whether any omissions have been made by a  
18.10 department head in the reporting of new public employees for membership. The executive  
18.11 director may delegate an association employee under section 353.03, subdivision 3a,  
18.12 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a  
18.13 governmental subdivision.

18.14           (b) If an employer fails to comply with the reporting requirements under this  
18.15 subdivision, the executive director may assess a fine of \$25 for each failure if the  
18.16 association staff has notified the employer of the noncompliance and attempted to obtain  
18.17 the missing data or form from the employer for a period of more than three months.

18.18           **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.19           Sec. 9. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is  
18.20 amended to read:

18.21           Subd. 4. **Duration.** Postretirement option employment shall be for an initial period  
18.22 not to exceed one year. At the end of the initial period, the governing body has sole  
18.23 discretion to determine if the offer of a postretirement option position will be renewed,  
18.24 renewed with modifications, or terminated. Postretirement option employment may be  
18.25 renewed annually, but ~~may not be renewed after the individual attains retirement age as~~  
18.26 ~~defined in United States Code, title 42, section 416(l)~~ no more than four renewals may  
18.27 occur.

18.28           **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.29           Sec. 10. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

18.30           Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan  
18.31 is available to:

18.32           (1) elected local government officials of a governmental subdivision who elect to  
18.33 participate in the plan under section 353D.02, subdivision 1, and who, for the elected

19.1 service rendered to a governmental subdivision, are not members of the Public Employees  
19.2 Retirement Association within the meaning of section 353.01, subdivision 7;

19.3 (2) physicians who, if they did not elect to participate in the plan under section  
19.4 353D.02, subdivision 2, would meet the definition of member under section 353.01,  
19.5 subdivision 7;

19.6 (3) basic and advanced life-support emergency medical service personnel employed  
19.7 by any public ambulance service that elects to participate under section 353D.02,  
19.8 subdivision 3;

19.9 (4) members of a municipal rescue squad associated with Litchfield in Meeker  
19.10 County, or of a county rescue squad associated with Kandiyohi County, if an independent  
19.11 nonprofit rescue squad corporation, incorporated under chapter 317A, performing  
19.12 emergency management services, and if not affiliated with a fire department or ambulance  
19.13 service and if its members are not eligible for membership in that fire department's or  
19.14 ambulance service's relief association or comparable pension plan;

19.15 (5) employees of the Port Authority of the city of St. Paul who elect to participate in  
19.16 the plan under section 353D.02, subdivision 5, and who are not members of the Public  
19.17 Employees Retirement Association under section 353.01, subdivision 7;

19.18 (6) city managers who elected to be excluded from the general employees retirement  
19.19 plan of the Public Employees Retirement Association under section 353.028 and who  
19.20 elected to participate in the public employees defined contribution plan under section  
19.21 353.028, subdivision 3, paragraph (b); ~~and~~

19.22 (7) volunteer or emergency on-call firefighters serving in a municipal fire department  
19.23 or an independent nonprofit firefighting corporation who are not covered by the public  
19.24 employees police and fire retirement plan and who are not covered by a volunteer  
19.25 firefighters relief association and who elect to participate in the public employees defined  
19.26 contribution plan;

19.27 (8) elected county sheriffs who are former members of the police and fire plan and  
19.28 who are receiving a retirement annuity as provided under section 353.651; and

19.29 (9) persons who are excluded from membership under section 353.01, subdivision  
19.30 2b, paragraph (a), clause (25).

19.31 (b) For purposes of this chapter, an elected local government official includes  
19.32 a person appointed to fill a vacancy in an elective office. Service as an elected local  
19.33 government official only includes service for the governmental subdivision for which the  
19.34 official was elected by the public at large. Service as an elected local government official  
19.35 ceases and eligibility to participate terminates when the person ceases to be an elected

20.1 official. An elected local government official does not include an elected county sheriff  
20.2 who must be a member of the police and fire plan as provided under chapter 353.

20.3 (c) Individuals otherwise eligible to participate in the plan under this subdivision  
20.4 who are currently covered by a public or private pension plan because of their employment  
20.5 or provision of services are not eligible to participate in the public employees defined  
20.6 contribution plan.

20.7 (d) A former participant is a person who has terminated eligible employment or  
20.8 service and has not withdrawn the value of the person's individual account.

20.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

20.10 Sec. 11. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

20.11 Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible**  
20.12 **participants.** ~~An~~ (a) The following classes of eligible elected local government official  
20.13 participants who elects elect to participate in the public employees defined contribution  
20.14 plan under section 353D.02 shall contribute an amount equal to five percent of salary as  
20.15 defined in section 353.01, subdivision 10:

20.16 (1) ~~A participating~~ elected local government official's officials;

20.17 (2) physicians; and

20.18 (3) persons who are excluded from membership under section 353.01, subdivision  
20.19 2b, clause (25).

20.20 (b) A participant's governmental subdivision shall contribute a matching amount.

20.21 **EFFECTIVE DATE.** This section is effective July 1, 2010.

20.22 Sec. 12. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

20.23 Subdivision 1. **Crediting of account contributions to participant accounts.** (a)  
20.24 Contributions made by or on behalf of a ~~participating elected local government official or~~  
20.25 ~~physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must  
20.26 be remitted to the Public Employees Retirement Association and credited to the individual  
20.27 account established for the participant

20.28 (b). ~~Ambulance service~~ Contributions as provided under section 353D.03,  
20.29 subdivision 3, and subdivision 6, paragraph (b), must be remitted on a regular basis to the  
20.30 association together with any member contributions paid or withheld. Those contributions  
20.31 must be credited to the individual account of each participating member.

20.32 **EFFECTIVE DATE.** This section is effective July 1, 2010.

21.1 Sec. 13. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

21.2 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The  
21.3 executive director may adopt policies and procedures regarding deductions taken totally  
21.4 or partially in error by the employer from the salary of an elected official.

21.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

21.6 Sec. 14. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is  
21.7 amended to read:

21.8 Subd. 4. **Medical facility.** "Medical facility" means:

21.9 (1) Bridges Medical Services;

21.10 (2) the City of Cannon Falls Hospital;

21.11 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

21.12 (4) Clearwater County Memorial Hospital doing business as Clearwater Health  
21.13 Services in Bagley;

21.14 ~~(4)~~ (5) the Dassel Lakeside Community Home;

21.15 (6) the Douglas County Hospital, with respect to the Mental Health Unit;

21.16 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;

21.17 ~~(6)~~ (8) the Glencoe Area Health Center;

21.18 ~~(7)~~ (9) Hutchinson Area Health Care;

21.19 ~~(8)~~ (10) the Lakefield Nursing Home;

21.20 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;

21.21 ~~(10)~~ (12) the Luverne Public Hospital;

21.22 ~~(11)~~ (13) the Oakland Park Nursing Home;

21.23 ~~(12)~~ (14) the RenVilla Nursing Home;

21.24 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department  
21.25 of Radiology and the Department of Radiation/Oncology;

21.26 ~~(14)~~ (16) the St. Peter Community Health Care Center;

21.27 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;

21.28 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; and

21.29 (19) the Wheaton Community Hospital; and

21.30 ~~(17)~~ (20) the Worthington Regional Hospital.

21.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.32 Sec. 15. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

22.1 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a  
22.2 governmental subdivision may submit a resolution from the governing body to the  
22.3 executive director of the Public Employees Retirement Association which supports  
22.4 providing coverage under this chapter for employees of that governmental subdivision  
22.5 who are privatized, and which states that the governing body will pay for actuarial  
22.6 calculations, as further specified in paragraph (c).

22.7 (b) The governing body must also provide a copy of any applicable purchase or  
22.8 lease agreement and any other information requested by the executive director to allow the  
22.9 executive director to verify that under the proposed employer change, the new employer  
22.10 does not qualify as a governmental subdivision under section 353.01, subdivision 6,  
22.11 making the employees ineligible for continued coverage as active members of the general  
22.12 employees retirement plan of the Public Employees Retirement Association.

22.13 (c) Following receipt of a resolution and a determination by the executive director  
22.14 that the new employer is not a governmental subdivision, the executive director shall  
22.15 direct the consulting actuary retained under section 356.214 to determine whether the  
22.16 general employees retirement plan of the Public Employees Retirement Association, if  
22.17 coverage under this chapter is provided, is expected to receive a net gain or a net loss if  
22.18 privatization occurs, ~~by determining whether~~. A net gain is expected if the actuarial  
22.19 liability of the special benefit coverage provided under this chapter, if extended to the  
22.20 applicable employees under the privatization, is less than the actuarial gain otherwise to  
22.21 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special  
22.22 benefit coverage provided under this chapter, if extended to the applicable employees  
22.23 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The  
22.24 date of the actuarial calculations used to make this determination must be within one year  
22.25 of the effective date, as defined in section 353F.02, subdivision 3.

22.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.27 Sec. 16. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

22.28 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under  
22.29 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement  
22.30 plan of the Public Employees Retirement Association is expected due to the privatization,  
22.31 or if paragraph (c) applies, the executive director shall forward a recommendation and  
22.32 supporting documentation to the chair of the Legislative Commission on Pensions and  
22.33 Retirement, the chair of the Governmental Operations, Reform, Technology and Elections  
22.34 Committee of the house of representatives, the chair of the State and Local Government  
22.35 Operations and Oversight Committee of the senate, and the executive director of the

23.1 Legislative Commission on Pensions and Retirement. The recommendation must be in  
23.2 the form of an addition to the definition of "medical facility" under section 353F.02,  
23.3 subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5,  
23.4 whichever is applicable. The recommendation must be forwarded to the legislature before  
23.5 January 15 for the recommendation to be considered in that year's legislative session. The  
23.6 recommendation may be included as part of public pension administrative legislation  
23.7 under section 356B.05.

23.8 (b) If a medical facility or other public employing unit listed under section 353F.02,  
23.9 subdivision 4 or 5, fails to privatize within one year of the final enactment date of the  
23.10 legislation adding the entity to the applicable definition, its inclusion under this chapter  
23.11 is voided, and the executive director shall include in the proposed legislation under  
23.12 paragraph (a) a recommendation that the applicable entity be stricken from the definition.

23.13 (c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the  
23.14 executive director shall forward a recommendation that the privatization be included as an  
23.15 addition under paragraph (a) if the chief clerical officer of the applicable governmental  
23.16 subdivision submits a resolution from the governing body specifying that a lump sum  
23.17 payment will be made to the executive director equal to the net loss, plus interest. The  
23.18 interest must be computed using the preretirement interest rate assumption under section  
23.19 356.215, expressed as a monthly rate, from the date of the actuarial valuation from which  
23.20 the actuarial accrued liability data was used to determine the net loss in the actuarial study  
23.21 under subdivision 1, to the date of payment, with annual compounding. Payment must be  
23.22 made on or after the effective date under section 353F.02.

23.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.24 Sec. 17. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

23.25 Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief  
23.26 administrative officer of a covered pension plan regarding a person's eligibility, benefits,  
23.27 or other rights under the plan with which the person does not agree is subject to review  
23.28 under this section.

23.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.30 Sec. 18. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

23.31 Subd. 3. **Notice of determination.** If the applicable chief administrative officer  
23.32 denies an application or a written request, modifies a benefit, or terminates a benefit

24.1 of a person claiming a right or potential rights under a covered pension plan, the chief  
24.2 administrative officer shall notify that person through a written notice containing:

24.3 (1) a statement of the reasons for the determination;

24.4 (2) a notice that the person may petition the governing board of the covered pension  
24.5 plan for a review of the determination and that a person's petition for review must be filed  
24.6 in the administrative office of the covered pension plan within 60 days of the receipt  
24.7 of the written notice of the determination;

24.8 (3) a statement indicating that a failure to petition for review within 60 days  
24.9 precludes the person from contesting in any other administrative review or court procedure  
24.10 the issues determined by the chief administrative officer; and

24.11 (4) a statement indicating that all relevant materials, documents, affidavits, and other  
24.12 records that the person wishes to be reviewed in support of the petition must be filed with  
24.13 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days  
24.14 before the date of the hearing under subdivision 10; and

24.15 (5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

24.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.17 Sec. 19. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is  
24.18 amended to read:

24.19 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2  
24.20 may petition for a review of that decision by the governing board of the covered pension  
24.21 plan.

24.22 (b) A petition under this section must be sent to the chief administrative officer by  
24.23 mail and must be postmarked no later than 60 days after the person received the notice  
24.24 required by subdivision 3. The petition must include the person's statement of the reason  
24.25 or reasons that the person believes the decision of the chief administrative officer should  
24.26 be reversed or modified. The petition may include all documentation and written materials  
24.27 that the petitioner deems to be relevant. In developing a record for review by the board  
24.28 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct  
24.29 that the applicant participate in a fact-finding session conducted by an administrative law  
24.30 judge assigned by the Office of Administrative Hearings and, as applicable, participate in  
24.31 a vocational assessment conducted by a qualified rehabilitation counselor on contract with  
24.32 the applicable retirement system.

24.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.1 Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

25.2 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~  
25.3 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative  
25.4 officer must schedule a timely review of the petition before the governing board of the  
25.5 covered pension plan. The review must be scheduled to take into consideration any  
25.6 necessary accommodations to allow the petitioner to participate in the governing board's  
25.7 review.

25.8 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief  
25.9 administrative officer must provide by mail to the petitioner an acknowledgment of the  
25.10 receipt of the person's petition and a follow-up notice of the time and place of the meeting  
25.11 at which the governing board is scheduled to consider the petition and must provide a copy  
25.12 of all relevant documents, evidence, summaries, and recommendations assembled by or  
25.13 on behalf of the plan administration to be considered by the governing board.

25.14 (c) ~~Except as provided in subdivision 8, paragraph (c),~~ All documents and materials  
25.15 that the petitioner wishes to be part of the record for review must be filed with the chief  
25.16 administrative officer and must be received in the offices of the covered pension plan  
25.17 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to  
25.18 be heard.

25.19 (d) A petitioner; may request a continuance of a scheduled hearing if the request  
25.20 is received by the chief administrative officer within ten calendar days of the scheduled  
25.21 date of the applicable board meeting; ~~may request a continuance on a scheduled petition.~~  
25.22 The chief administrative officer must reschedule the review within ~~60 days of the date~~  
25.23 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to  
25.24 any petitioner.

25.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.26 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

25.27 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and  
25.28 affidavits in the possession of the covered pension plan of which the covered pension plan  
25.29 desires to avail itself and be considered by the governing board, and all evidence which the  
25.30 petitioner wishes to present to the governing board, including any evidence which would  
25.31 otherwise be classified by law as "private," must be made part of the hearing record.

25.32 (b) ~~Not later than~~ The chief administrative officer must provide a copy of the record  
25.33 to each member of the governing board at least seven days before the scheduled hearing  
25.34 date; ~~the chief administrative officer must provide a copy of the record to each member~~  
25.35 ~~of the governing board.~~

26.1 (c) ~~At least five days before the hearing, the petitioner may submit to the chief~~  
26.2 ~~administrative officer, for submission to the governing board.~~ Any additional document,  
26.3 affidavit, or other relevant information that ~~was not initially submitted with the petition~~  
26.4 the petitioner requests be part of the record may be admitted with the consent of the  
26.5 governing board.

26.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

26.7 Sec. 22. Laws 2009, chapter 169, article 4, section 49, is amended to read:

26.8 Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND**  
26.9 **CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS,**  
26.10 **EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

26.11 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,  
26.12 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and  
26.13 356, to the contrary, this section establishes the procedures by which the executive  
26.14 director of the Public Employees Retirement Association shall adjust erroneous employee  
26.15 deductions and employer contributions paid on behalf of active employees and former  
26.16 members by the city of Duluth ~~and~~<sub>2</sub> by the Duluth Airport Authority, and by the city  
26.17 of Virginia on amounts determined by the executive director to be invalid salary under  
26.18 Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997,  
26.19 and October 23, 2008, and for adjusting benefits that were paid to former members and  
26.20 their beneficiaries based upon invalid salary amounts.

26.21 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund  
26.22 to active employees or former members who are not receiving retirement annuities or  
26.23 benefits all erroneous employee deductions identified by the city of Duluth ~~or~~<sub>2</sub> by the  
26.24 Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts  
26.25 determined to be invalid salary. The refunds must include interest at the rate specified in  
26.26 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee  
26.27 deduction was received through the date each refund is paid.

26.28 (b) The refund payment for active employees must be sent to the ~~applicable~~  
26.29 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~  
26.30 ~~to the active~~ home addresses of the members who are employees of the city of Duluth  
26.31 ~~or~~<sub>2</sub> who are employees of the Duluth Airport Authority, or who are employees of the city  
26.32 of Virginia, as applicable.

26.33 (c) Refunds to former members must be mailed by the executive director of the  
26.34 Public Employees Retirement Association to the former member's last known address.

27.1 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a  
27.2 retirement annuity or disability benefit, or for a person receiving an optional annuity or  
27.3 survivor benefit, the executive director must:

27.4 (1) adjust the annuity or benefit payment to the correct monthly benefit amount  
27.5 payable by reducing the average salary under Minnesota Statutes, section 353.01,  
27.6 subdivision 17a, by the invalid salary amounts;

27.7 (2) determine the amount of the overpaid benefits paid from the effective date of  
27.8 the annuity or benefit payment to the first of the month in which the monthly benefit  
27.9 amount is corrected;

27.10 (3) calculate the amount of employee deductions taken in error on invalid salary,  
27.11 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,  
27.12 from the date each invalid employee deduction was received through the date the annuity  
27.13 or benefit is adjusted as provided under clause (1); and

27.14 (4) determine the net amount of overpaid benefits by reducing the amount of the  
27.15 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous  
27.16 employee deductions with interest determined in clause (3).

27.17 (b) If a former member's erroneous employee deductions plus interest determined  
27.18 under this section exceeds the amount of the person's overpaid benefits, the balance must  
27.19 be refunded to the person to whom the annuity or benefit is being paid.

27.20 (c) The executive director shall recover the net amount of all overpaid annuities or  
27.21 benefits as provided under subdivision 4.

27.22 Subd. 4. **Employer credits and obligations.** (a) The executive director shall  
27.23 provide a credit without interest to the city of Duluth~~and~~<sub>2</sub> to the Duluth Airport Authority<sub>2</sub>  
27.24 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's  
27.25 erroneous employer contributions. The credit must first be used to offset the net amount of  
27.26 the overpaid retirement annuities and the disability and survivor benefits that remains after  
27.27 applying the amount of erroneous employee deductions with interest as provided under  
27.28 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,  
27.29 if any, must be credited against future employer contributions required to be paid by  
27.30 the applicable governmental subdivision. If the overpaid benefits exceed the employer  
27.31 contribution credit, the balance of the overpaid benefits is the obligation of the city of  
27.32 Duluth~~or~~<sub>2</sub> the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

27.33 (b) The Public Employees Retirement Association board of trustees shall determine  
27.34 the period of time and manner for the collection of overpaid retirement annuities and  
27.35 benefits, if any, from the city of Duluth~~and~~<sub>2</sub> the Duluth Airport Authority, and the city of  
27.36 Virginia.



29.1            Subd. 41. **Annual base salary.** (a) "Annual base salary" means:  
29.2            (1) for an independent school district or educational cooperative, the lowest full-time  
29.3 Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing  
29.4 unit;  
29.5            (2) for a charter school, the lowest starting annual salary for a full-time licensed  
29.6 teacher employed during the previous fiscal year for that employing unit; and  
29.7            (3) for a state agency or professional organization, the lowest starting annual salary  
29.8 for a full-time Teachers Retirement Association covered position for the previous fiscal  
29.9 year for that employing unit.  
29.10           (b) If there is no previous fiscal year data because an employer unit is new and  
29.11 paragraph (c) does not apply, the annual base salary for the first year of operation will be  
29.12 as stated in paragraph (a), except that the base contract salary for the current fiscal year,  
29.13 rather than the previous fiscal year, must be used.  
29.14           (c) For a new employer unit created as a result of a merger or consolidation, the  
29.15 annual base salary will be the lowest annual base salary as specified in paragraph (a) for  
29.16 any of the employer units involved in the merger or consolidation.  
29.17            **EFFECTIVE DATE.** This section is effective July 1, 2010.

29.18           Sec. 2. Minnesota Statutes 2008, section 354.091, is amended to read:

29.19            **354.091 SERVICE CREDIT.**

29.20            Subdivision 1. **Definition; monthly base salary.** For purposes of this section,  
29.21 "monthly base salary" means the annual base salary, as defined in section 354.05,  
29.22 subdivision 41, divided by 12.

29.23            Subd. 2. **Service credit annual limit.** (a) ~~In computing service credit,~~ No teacher  
29.24 may receive credit for more than one year of teaching service for any fiscal year.  
29.25 ~~Additionally, in crediting allowable service:~~

29.26            ~~(1) if a teacher teaches less than five hours in a day, service credit must be given for~~  
29.27 ~~the fractional part of the day as the term of service performed bears to five hours;~~

29.28            ~~(2) if a teacher teaches five or more hours in a day, service credit must be given for~~  
29.29 ~~only one day;~~

29.30            ~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be~~  
29.31 ~~given for a full year of teaching service; and~~

29.32            ~~(4) if a teacher teaches for only a fractional part of the year, service credit must be~~  
29.33 ~~given for such fractional part of the year in the same relationship as the period of service~~  
29.34 ~~performed bears to 170 days.~~

30.1 ~~(b) A teacher must receive a full year of service credit based on the number of days~~  
30.2 ~~in the employer's full school year if that school year is less than 170 days. Teaching~~  
30.3 ~~service performed before July 1, 1961, must be computed under the law in effect at the~~  
30.4 ~~time it was performed.~~

30.5 ~~(c) A teacher must not lose or gain retirement service credit as a result of the~~  
30.6 ~~employer converting to a flexible or alternate work schedule. If the employer converts~~  
30.7 ~~to a flexible or alternate work schedule, the forms for reporting teaching service and the~~  
30.8 ~~procedures for determining service credit must be determined by the executive director~~  
30.9 ~~with the approval of the board of trustees.~~

30.10 Subd. 3. Service credit calculation. (a) Except as specified in subdivisions 4 and  
30.11 5, service credit will be calculated monthly by dividing the teacher's monthly salary by  
30.12 the monthly base salary for the teacher's employing unit and multiplying the result by  
30.13 11.1 percent.

30.14 (b) For purposes of computing service credit, salary will be allocated to each  
30.15 calendar month based on the pay period begin and end dates. If the pay period covers  
30.16 more than one calendar month, the salary must be allocated based on the number of days  
30.17 in each calendar month.

30.18 (c) A teacher may not receive more than 11.1 percent of a year's service credit in  
30.19 a calendar month.

30.20 (d) Annual service credit is calculated by adding the allowable monthly service  
30.21 credit for all 12 months of the fiscal year with the result rounded to two decimal places,  
30.22 subject to the annual limit specified in subdivision 2.

30.23 Subd. 4. Service credit determination for Minnesota State Colleges and  
30.24 Universities system teachers. (d) For all services rendered on or after July 1, 2003,  
30.25 service credit for all members employed by the Minnesota State Colleges and Universities  
30.26 system must be determined:

30.27 (1) for full-time employees, by the definition of full-time employment contained in  
30.28 the collective bargaining agreement for those units listed in section 179A.10, subdivision  
30.29 2, or contained in the applicable personnel or salary plan for those positions designated in  
30.30 section 179A.10, subdivision 1; and

30.31 (2) for part-time employees, by the appropriate proration of full-time equivalency  
30.32 based on the provisions contained in the collective bargaining agreement for those units  
30.33 listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary  
30.34 plan for those positions designated in section 179A.10, subdivision 1, and the applicable  
30.35 procedures of the Minnesota State Colleges and Universities system; ~~and.~~

31.1 ~~(3) in no case may a member receive more than one year of service credit for any~~  
31.2 ~~fiscal year.~~

31.3 Subd. 5. Service credit procedure, nontraditional schedules. For employer units  
31.4 that have nontraditional work schedules or pay schedules, the procedure for determining  
31.5 service credit must be specified by the executive director with the approval of the board of  
31.6 trustees.

31.7 EFFECTIVE DATE. This section is effective for teaching service performed after  
31.8 June 30, 2010.

31.9 Sec. 3. Minnesota Statutes 2008, section 354.52, subdivision 4b, is amended to read:

31.10 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide  
31.11 the following data to the association for payroll warrants on an ongoing basis within 14  
31.12 calendar days after the date of the payroll warrant in a format prescribed by the executive  
31.13 director:

31.14 (1) association member number;

31.15 (2) employer-assigned employee number;

31.16 (3) Social Security number;

31.17 (4) amount of each salary deduction;

31.18 (5) amount of salary as defined in section 354.05, subdivision 35, from which each  
31.19 deduction was made;

31.20 (6) reason for payment;

31.21 ~~(7) service credit;~~

31.22 ~~(8)~~ the beginning and ending dates of the payroll period covered and the date  
31.23 of actual payment;

31.24 ~~(9)~~ (8) fiscal year of salary earnings;

31.25 ~~(10)~~ (9) total remittance amount including employee, employer, and additional  
31.26 employer contributions; ~~and~~

31.27 (10) reemployed annuitant salary under section 354.44, subdivision 5; and

31.28 (11) other information as may be required by the executive director.

31.29 EFFECTIVE DATE. This section is effective January 1, 2010, except for the  
31.30 striking of clause (7), which is effective July 1, 2010.

31.31 Sec. 4. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision  
31.32 to read:

32.1            Subd. 4d. **Annual base salary reporting.** An employing unit must provide the  
32.2 following data to the association on or before June 30 of each fiscal year:

32.3            (1) annual base salary, as defined in section 354.05, subdivision 41; and

32.4            (2) beginning and ending dates for the regular school work year.

32.5            **EFFECTIVE DATE.** This section is effective July 1, 2009.

32.6            Sec. 5. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

32.7            Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not  
32.8 comply with the reporting requirements under subdivision 2a, 4a, ~~or 4b,~~ or 4d, must pay a  
32.9 fine of \$5 per calendar day until the association receives the required data.

32.10           (b) If the annual base salary required to be reported under subdivision 4d has not  
32.11 been settled or determined as of June 16, the fine must commence if the annual base salary  
32.12 has not been reported to the association within 14 days following the settlement date.

32.13           **EFFECTIVE DATE.** This section is effective July 1, 2009.

32.14           Sec. 6. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

32.15           Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section,  
32.16 the term "part-time teaching position" means a teaching position within the district in  
32.17 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~  
32.18 ~~prescribed in section 354.091, and for which the teacher is~~ compensated ~~in~~ for an amount  
32.19 of at least 30 percent, but not exceeding 80 percent of the compensation established by the  
32.20 board for a full-time teacher with identical education and experience with the employing  
32.21 unit.

32.22           (b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time  
32.23 teaching position" means a teaching position within the district in which the teacher is  
32.24 ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section~~  
32.25 ~~354.091, and for which the teacher is~~ compensated ~~in~~ for an amount of at least 15 percent,  
32.26 but not exceeding 40 percent of the compensation established by the board for a full-time  
32.27 teacher, with identical education and experience with the employing unit.

32.28           **EFFECTIVE DATE.** This section is effective for service provided after June 30,  
32.29 2010.

33.1 **ARTICLE 5**

33.2 **MnSCU IRAP ADMINISTRATIVE PROVISIONS**

33.3 Section 1. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

33.4 Subdivision 1. **General governance.** The individual retirement account plan is the  
33.5 administrative responsibility of the Board of Trustees of the Minnesota State Colleges  
33.6 and Universities. The Board of Trustees of the Minnesota State Colleges and Universities  
33.7 may administer the plan directly or may contract out for administrative services with a  
33.8 qualified third-party plan administrative entity and may contract out for investment review  
33.9 and selection service.

33.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

33.11 Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

33.12 Subd. 3. **Selection of financial institutions.** (a) The investment options provided  
33.13 under subdivision 2 must be selected by the board. The board may contract with the State  
33.14 Board of Investment or with a third party to provide the investment review and selection  
33.15 services. The board must not contract with a third party to provide the investment option  
33.16 review and selection services if the third party markets, offers, or has other material  
33.17 interest in investment products. The board must require any third party contracted to  
33.18 provide investment review and selection services to disclose to the board any contracts  
33.19 for services and any financial relationships it has with vendors under consideration to  
33.20 provide investment products under the plan.

33.21 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider  
33.22 the following:

33.23 (1) the experience and ability of the financial institution to provide benefits and  
33.24 products that are suited to meet the needs of plan participants;

33.25 (2) the relationship of those benefits and products provided by the financial  
33.26 institution to their cost;

33.27 (3) the financial strength and stability of the financial institution; and

33.28 (4) the fees and expenses associated with the investment products in comparison to  
33.29 other products of similar risk and rates of return.

33.30 (b) After selecting a financial institution, the ~~State board of Investment~~ must  
33.31 periodically review each financial institution and the offered products. The periodic  
33.32 review must occur at least every three years. In making its review, the ~~State board of~~  
33.33 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,

34.1 establish a budget for the cost of the periodic review process, and charge a proportional  
34.2 share of these costs to the reviewed financial institution.

34.3 (c) Contracts with financial institutions under this section must be executed by the  
34.4 board ~~and must be approved by the State Board of Investment before execution.~~

34.5 (d) ~~The State Board of Investment shall also establish policies and procedures under~~  
34.6 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

34.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.8 Sec. 3. Minnesota Statutes 2008, section 354C.14, is amended to read:

34.9 **354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.**

34.10 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall  
34.11 invest the deductions and contributions under section 354C.12, after deduction of  
34.12 administrative expenses under section 354C.12, subdivision 4, in annuity contracts or  
34.13 custodial accounts from financial institutions selected ~~by the State Board of Investment~~  
34.14 under section 354B.25, subdivision 3.

34.15 (b) The retirement contributions and death benefits provided by annuity contracts or  
34.16 custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges  
34.17 and Universities are owned by the supplemental retirement plan and must be paid in  
34.18 accordance with those annuity contracts or custodial account agreements.

34.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.20 Sec. 4. **REPEALER.**

34.21 Minnesota Statutes 2008, section 354C.15, is repealed.

34.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.23 **ARTICLE 6**

34.24 **ACTUARIAL VALUATION REPORTING DEADLINE DATES**

34.25 Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

34.26 Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of  
34.27 the beginning of each fiscal year.

34.28 (b) Two copies of the completed valuation must be delivered to the executive  
34.29 director of the Legislative Commission on Pensions and Retirement, to the commissioner  
34.30 of management and budget, and to the Legislative Reference Library. The copies of the  
34.31 actuarial valuation must be filed with the executive director of the Legislative Commission

35.1 on Pensions and Retirement, the commissioner of management and budget, and the  
35.2 Legislative Reference Library no later than the last day of the sixth month occurring  
35.3 after the end of the previous fiscal year.

35.4 (c) Two copies of a quadrennial experience study must be filed with the  
35.5 executive director of the Legislative Commission on Pensions and Retirement, with the  
35.6 commissioner of management and budget, and with the Legislative Reference Library, not  
35.7 later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal  
35.8 year of the four-year period which the experience study covers.

35.9 (d) For actuarial valuations and experience studies prepared at the direction of  
35.10 the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the  
35.11 document must be delivered to the governing or managing board or administrative officials  
35.12 of the applicable public pension and retirement fund or plan.

35.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

## 35.14 ARTICLE 7

### 35.15 EARLY RETIREMENT INCENTIVE MODIFICATIONS

35.16 Section 1. Minnesota Statutes 2008, section 356.351, subdivision 1, is amended to read:

35.17 Subdivision 1. **Eligibility.** (a) An eligible appointing authority may offer the early  
35.18 retirement incentive in this section to an employee who:

35.19 (1) has at least 15 years of ~~allowable service in one or more of the funds listed~~  
35.20 ~~in section 356.30, subdivision 3, or has at least 15 years of coverage by the individual~~  
35.21 ~~retirement account plan governed by chapter 354B~~ employment as indicated in the  
35.22 personnel records of the applicable employing unit and upon retirement is immediately  
35.23 eligible for a retirement annuity or benefit from one or more ~~of these funds~~ retirement plan  
35.24 governed by Minnesota Statutes, chapter 354B, or Minnesota Statutes, section 356.30;

35.25 (2) terminates service after the effective date of this section, and before ~~July 15,~~  
35.26 ~~2009~~ October 1, 2012; ~~and~~

35.27 (3) is not in receipt of a public retirement plan retirement annuity, retirement  
35.28 allowance, or service pension during the month preceding the termination of qualified  
35.29 employment; and

35.30 (4) has not been eligible to receive a retirement annuity for a period longer than  
35.31 10 years.

35.32 (b) An eligible appointing authority is any Minnesota governmental employing unit  
35.33 which employs one or more employees with retirement coverage by a retirement plan  
35.34 listed in section 356.30 by virtue of that employment.

36.1 (c) An elected official is not eligible to receive an incentive under this section.

36.2 (d) Employees of the Minnesota State Colleges and Universities System who  
36.3 participate in the incentive program under section 136F.481 are not eligible for the  
36.4 incentive under this section.

36.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

36.6 Sec. 2. Minnesota Statutes 2008, section 356.351, subdivision 2, as amended by Laws  
36.7 2009, chapter 169, article 1, section 72, is amended to read:

36.8 Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, ~~if for~~  
36.9 whom an early retirement incentive is approved under paragraph (b), and who terminates  
36.10 employment as provided for in the agreement, the employer may provide ~~an amount up to~~  
36.11 ~~\$17,000, to an employee who terminates service, :~~

36.12 (1) a severance amount in lieu of and not to exceed the maximum amount of regular  
36.13 state-provided unemployment compensation for that particular person if the person had  
36.14 been laid off; and

36.15 (2) an additional severance amount not to exceed the amount of the employer's  
36.16 contribution for health insurance, dental insurance, and basic life insurance that would  
36.17 have been payable to the particular person under the applicable collective bargaining  
36.18 agreement or personnel policy at the time of termination,

36.19 to be used:

36.20 ~~(1)~~ (i) unless the appointing authority has designated the use under clause ~~(2)~~  
36.21 (ii) or the use under clause ~~(3)~~ (iii) for the initial retirement incentive applicable to that  
36.22 employing entity under Laws 2007, chapter 134, after May 26, 2007, for deposit in the  
36.23 employee's account in the health care savings plan established by section 352.98;

36.24 ~~(2)~~ (ii) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,  
36.25 whichever applies, if the appointing authority has designated the use under this clause  
36.26 for the initial retirement incentive applicable to that employing entity under Laws 2007,  
36.27 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service  
36.28 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph  
36.29 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph  
36.30 (b), whichever applies; or

36.31 ~~(3)~~ (iii) if the appointing authority has designated the use under this clause for the  
36.32 initial retirement incentive applicable to the employing entity under Laws 2007, chapter  
36.33 134, after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific  
36.34 number of years from the applicable retirement plan to provide additional benefits, as  
36.35 provided in paragraph (d).

37.1 (b) Approval to provide the incentive must be obtained from the commissioner  
37.2 of finance if the eligible employee is a state employee and must be obtained from the  
37.3 applicable governing board with respect to any other employing entity. An employee is  
37.4 eligible for the payment under paragraph (a), clause ~~(2)~~ (ii), if the employee uses money  
37.5 from a deferred compensation account that, combined with the payment under paragraph  
37.6 (a), clause ~~(2)~~ (ii), would be sufficient to purchase enough service credit to qualify for  
37.7 retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a;  
37.8 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever  
37.9 applies.

37.10 (c) The cost to purchase service credit under paragraph (a), clause ~~(2)~~ (ii), must be  
37.11 made in accordance with section 356.551.

37.12 (d) ~~The~~ An annuity purchase under paragraph (a), clause ~~(3)~~ (iii), must be made using  
37.13 annuity factors, as determined by the actuary retained under section 356.214, derived from  
37.14 the applicable factors used by the applicable retirement plan to calculate optional annuity  
37.15 forms. The purchased annuity must be the actuarial equivalent of the incentive amount.

37.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## 37.17 ARTICLE 8

### 37.18 OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN 37.19 MARRIAGE DISSOLUTIONS

37.20 Section 1. **[356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO**  
37.21 **MARRIAGE DISSOLUTION OR ANNULMENT.**

37.22 **Subdivision 1. Covered plans.** This section applies to the following retirement  
37.23 **plans:**

37.24 **(1) the general state employees retirement plan of the Minnesota State Retirement**  
37.25 **System established under chapter 352;**

37.26 **(2) the correctional state employees retirement plan of the Minnesota State**  
37.27 **Retirement System established under chapter 352;**

37.28 **(3) the state patrol retirement plan established under chapter 352B;**

37.29 **(4) the unclassified state employees retirement program of the Minnesota State**  
37.30 **Retirement System established under chapter 352D;**

37.31 **(5) the general employee retirement plan of the Public Employees Retirement**  
37.32 **Association established under chapter 353;**

37.33 **(6) the public employees police and fire retirement plan established under chapter**  
37.34 **353;**

38.1 (7) the local government correctional employees retirement plan of the Public  
38.2 Employees Retirement Association established under chapter 353E;

38.3 (8) the Teachers Retirement Association established under chapter 354; and

38.4 (9) the uniform judicial retirement plan established under chapter 490.

38.5 Subd. 2. **Treatment.** (a) The treatment specified in this section applies if, after  
38.6 the accrual date of an annuity or benefit from an applicable plan or plans, a marriage  
38.7 dissolution decree or annulment decree specifies that the designation of an optional annuity  
38.8 must be revoked and if the other requirements specified in this section are satisfied.

38.9 (b) Notwithstanding any law to the contrary, if the applicable pension plan or plans  
38.10 have provisions of law that revise the monthly benefit amount payable to the primary  
38.11 annuitant upon the death of the individual named as the optional joint annuitant, the  
38.12 monthly benefit amount must be recomputed as though the individual that had been named  
38.13 as the optional joint annuitant died on the date a certified copy of the marriage dissolution  
38.14 or annulment decree is received by the chief administrative officer. Payment of any benefit  
38.15 adjustment is prospective only.

38.16 Subd. 3. **Restrictions.** (a) This section does not apply if the marriage dissolution  
38.17 decree or annulment decree is not consistent with the requirements under section 518.58.

38.18 (b) The pension plan benefit recipient must not designate, and the court may not  
38.19 require that the member designate, a subsequent optional annuity beneficiary.

38.20 (c) This section does not apply if more than one surviving individual was named as  
38.21 an optional joint annuitant.

38.22 Subd. 4. **Submission of documentation.** To receive the treatment provided in  
38.23 this section, an eligible retiree or disabilitant must provide, to the chief administrative  
38.24 officer of the applicable pension plan, a certified copy of the marriage dissolution or  
38.25 annulment decree. The retiree or disabilitant and the joint annuitant must also submit a  
38.26 form, prescribed by the chief administrative officer of the applicable pension plan and  
38.27 signed by both individuals, requesting the annuity bounce back as provided in subdivision  
38.28 2. The individuals must also provide any other documentation the chief administrative  
38.29 officer may request.

38.30 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
38.31 applies retroactively to any marriage dissolution decree or annulment decree requiring the  
38.32 revocation of an optional annuity form granted at any time prior to the date of enactment.

38.33 Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

38.34 Subd. 3. **Sale or distribution while proceeding pending.** (a) If the court finds  
38.35 that it is necessary to preserve the marital assets of the parties, the court may order the

39.1 sale of the homestead of the parties or the sale of other marital assets, as the individual  
39.2 circumstances may require, during the pendency of a proceeding for a dissolution of  
39.3 marriage or an annulment. If the court orders a sale, it may further provide for the  
39.4 disposition of the funds received from the sale during the pendency of the proceeding.  
39.5 ~~If liquid or readily liquidated marital property other than property representing vested~~  
39.6 ~~pension benefits or rights is available, the court, so far as possible, shall divide the property~~  
39.7 ~~representing vested pension benefits or rights by the disposition of an equivalent amount~~  
39.8 ~~of the liquid or readily liquidated property.~~

39.9 (b) The court may order a partial distribution of marital assets during the pendency  
39.10 of a proceeding for a dissolution of marriage or an annulment for good cause shown or  
39.11 upon the request of both parties, provided that the court shall fully protect the interests  
39.12 of the other party.

39.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

39.14 Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

39.15 Subd. 4. **Pension plans.** (a) The division of marital property that represents pension  
39.16 plan benefits or rights in the form of future pension plan payments:

39.17 (1) is payable only to the extent of the amount of the pension plan benefit payable  
39.18 under the terms of the plan;

39.19 (2) is not payable for a period that exceeds the time that pension plan benefits are  
39.20 payable to the pension plan benefit recipient;

39.21 (3) is not payable in a lump-sum amount from defined benefit pension plan assets  
39.22 attributable in any fashion to a spouse with the status of an active member, deferred  
39.23 retiree, or benefit recipient of a pension plan;

39.24 (4) if the former spouse to whom the payments are to be made dies prior to the end  
39.25 of the specified payment period with the right to any remaining payments accruing to an  
39.26 estate or to more than one survivor, is payable only to a trustee on behalf of the estate or  
39.27 the group of survivors for subsequent apportionment by the trustee; and

39.28 (5) in the case of defined benefit public pension plan benefits or rights, may not  
39.29 commence until the public plan member submits a valid application for a public pension  
39.30 plan benefit and the benefit becomes payable.

39.31 (b) The individual retirement account plans established under chapter 354B may  
39.32 provide in its plan document, if published and made generally available, for an alternative  
39.33 marital property division or distribution of individual retirement account plan assets. If an  
39.34 alternative division or distribution procedure is provided, it applies in place of paragraph  
39.35 (a), clause (5).

40.1           (c) If liquid or readily liquidated marital property other than property representing  
40.2 vested pension benefits or rights is available, the court, so far as possible, shall divide the  
40.3 property representing vested pension benefits or rights by the disposition of an equivalent  
40.4 amount of the liquid or readily liquidated property.

40.5           (d) If sufficient liquid or readily liquidated marital property other than property  
40.6 representing vested pension benefits or rights is not available, the court may order the  
40.7 revocation of the designation of an optional annuity beneficiary in pension plans specified  
40.8 in section 356.48 or in any other pension plan in which plan-governing law or governing  
40.9 documents allow revocation of an optional annuity in marital dissolution or annulment  
40.10 situations.

40.11           **EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

40.12           (b) This section applies retroactively, for plans specified in section 1, to any marriage  
40.13 dissolution decree or annulment decree requiring the revocation of an optional annuity  
40.14 form granted at any time prior to the date of enactment.