State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1938

02/16/2023	Authored by Gomez
	The bill was read for the first time and referred to the Committee on Rules and Legislative Administration
02/21/2023	Adoption of Report: Re-referred to the Committee on Taxes
04/20/2023	Adoption of Report: Amended and re-referred to the Committee on Ways and Means
04/24/2023	Adoption of Report: Placed on the General Register as Amended
	Read for the Second Time
04/27/2023	Calendar for the Day, Amended
	Read Third Time as Amended
	Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
05/02/2023	Passed by the Senate as Amended and returned to the House
	Refused to concur and a Conference Committee was appointed
05/20/2023	Conference Committee Report Adopted
	Read Third Time as Amended by Conference and repassed by the House
05/23/2023	Presented to Governor
05/24/2023	Governor Approval

NOTE: This document includes only those pages with pension-related changes.

A bill for an act

relating to financing and operation of state and local government; modifying provisions governing individual income and corporate franchise taxes, federal income tax conformity, property taxes, certain state aid and credit programs, sales and use taxes, minerals taxes, tax increment financing, certain local taxes, provisions related to public finance, and various other taxes and tax-related provisions; modifying and establishing various income tax credits; modifying existing and proposing new additions and subtractions; modifying provisions related to the taxation of pass-through entities; providing for certain federal tax conformity; modifying provisions related to reporting of corporate income; providing a onetime refundable rebate credit; modifying property tax exemptions, classifications, and refunds; modifying local government aid calculations; establishing a soil and water conservation district aid, an electric generation transition aid, a Tribal Nation aid, and a statewide local housing aid; providing public safety aid; modifying sales tax exemptions and authorizing new sales tax exemptions; modifying taconite taxes and distributions; converting the renter's property tax refund into a refundable individual income tax credit; modifying provisions related to tax increment financing and allowing certain special local provisions; modifying existing local taxes and authorizing new local taxes; providing provisions related to public finance; modifying certain retirement plans; providing for a process to refund the state stadium bonds; modifying electronic bingo and electronic pull-tab devices; establishing tourism improvement districts; requiring reports; providing for certain policy and technical modifications; appropriating money; amending Minnesota Statutes 2022, sections 3.8855, subdivisions 4, 7; 6.495, subdivision 3; 13.46, subdivision 2; 16A.726; 38.27, subdivision 4; 41B.0391, subdivisions 1, 2, 4, 6, 7; 103D.905, subdivision 3; 116J.8737, subdivisions 5, 12; 116U.27, subdivisions 1, 4, 7; 118A.04, subdivision 5; 123B.61; 126C.10, subdivision 37; 270A.03, subdivision 2; 270B.12, subdivision 8; 270B.14, subdivision 1; 270C.13, subdivision 1; 270C.19, subdivisions 1, 2; 270C.446, subdivision 2; 270C.52, subdivision 2; 272.02, subdivisions 24, 73, 98, by adding a subdivision; 273.11, subdivisions 12, 23; 273.111, by adding a subdivision; 273.124, subdivisions 6, 13, 13a, 13c, 13d, 14; 273.1245, subdivision 1; 273.128, subdivisions 1, 2, by adding a subdivision; 273.13, subdivisions 25, 34, 35; 273.1315, subdivision 2; 273.1341; 273.1392; 275.065, subdivisions 3, 3b, 4; 278.01, subdivision 1; 279.03, subdivision 1a; 282.261, subdivision 2; 289A.02, subdivision 7, as amended; 289A.08, subdivisions 7, as amended, 7a, as amended, by adding a subdivision; 289A.18, subdivision 5; 289A.38, subdivision 4; 289A.382, subdivision 2; 289A.50, by adding a subdivision; 289A.56, subdivision 6; 289A.60, subdivisions 12, 13; 290.01, subdivisions 19, as amended, 21a, 31, as amended; 290.0122, subdivision 2; 290.0123, subdivisions 5, 6; 290.0131, subdivision 17; 290.0132, subdivisions 4, 24, 26, 27, by adding subdivisions; 290.0133, subdivision 6; 290.0134, subdivision 18; 290.06, subdivisions 2c, as amended, 22, 23, 39, by adding a subdivision; 290.067; 290.0671, as amended; 290.0674; 290.0677, subdivision 1; 290.0681, subdivision 10; 290.091, subdivision 2, as amended; 290.095, subdivision 2; 290.21, subdivisions 4, 9, by adding a subdivision; 290.92, subdivision 20; 290.9705, subdivision 1; 290A.02; 290A.03, subdivisions 3, 6, 8, 12, 13, 15, as amended, by adding a subdivision; 290A.04, subdivisions 1, 2, 2h, 4, 5; 290A.05; 290A.07, subdivision 2a; 290A.08; 290A.09; 290A.091; 290A.13; 290A.19; 290A.25; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005, subdivision 1, as amended; 295.50, subdivision 4; 296A.083, subdivision 3; 297A.61, subdivisions 4, 29; 297A.67, subdivisions 35, 38, by adding a subdivision; 297A.68, subdivisions 4, 25, by adding a subdivision; 297A.70, subdivisions 7, 21; 297A.71, subdivision 51; 297A.99, by adding a subdivision; 297A.994, subdivision 4; 297E.02, subdivision 6; 297E.06, subdivision 4; 297H.13, subdivision 2; 297I.20, by adding a subdivision; 298.015; 298.018, subdivisions 1, 1a; 298.28, subdivisions 5, 7a, by adding a subdivision; 298.296, subdivision 4; 299C.76, subdivisions 1, 2; 327C.02, subdivision 5; 349.11; 349.12, subdivisions 12a, 12b, 12c, by adding a subdivision; 349.151, subdivision 4d; 349.163, by adding subdivisions; 354.05, subdivision 38; 354.42, subdivisions 2, 3; 354A.011, subdivision 15a; 354A.12, subdivisions 1, as amended, 2a; 356.215, subdivision 11; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision 2; 383E.21; 410.32; 412.301; 462A.05, subdivision 24; 462A.38; 469.033, subdivision 6; 469.053, subdivisions 4, 6; 469.107, subdivision 1; 469.174, subdivisions 14, 27, by adding a subdivision; 469.175, subdivision 6; 469.176, subdivisions 3, 4; 469.1763, subdivisions 2, 3, 4, 6; 469.1771, subdivisions 2, 2a, 3; 473F.02, subdivisions 2, 8; 473J.13, subdivisions 2, 4; 474A.02, subdivisions 22b, 23a; 475.54, subdivision 1; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivisions 2, 3; 477A.013, subdivisions 8, 9; 477A.014, subdivision 1; 477A.015; 477A.03, subdivisions 2a, 2b; 477A.12, subdivisions 1, 3, by adding a subdivision; 477A.30; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1993, chapter 375, article 9, section 46, as amended; Laws 1998, chapter 389, article 8, section 43, as amended; Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended; Laws 2006, chapter 259, article 11, section 3, as amended; Laws 2008, chapter 366, article 5, sections 26, as amended; 36, subdivisions 1, 3, as amended; article 7, sections 17; 20, as amended; article 17, section 6; Laws 2011, First Special Session chapter 7, article 4, section 14; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws 2019, First Special Session chapter 6, article 6, sections 13, subdivisions 3, 4, by adding a subdivision; 18; 26; article 7, section 7; Laws 2021, First Special Session chapter 14, article 8, sections 5; 6, subdivisions 2, 3; 15, subdivisions 2, 3, 4, by adding a subdivision; 20, subdivision 4; article 9, section 10; Laws 2023, chapter 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 16A; 181; 290; 477A; proposing coding for new law as Minnesota Statutes, chapter 428B; repealing Minnesota Statutes 2022, sections 16A.965; 270A.04, subdivision 5; 290.01, subdivision 19i; 290.0131, subdivision 18; 290.0132, subdivisions 28, 33; 290.0134, subdivision 17; 290A.03, subdivisions 9, 11; 290A.04, subdivision 2a; 290A.23, subdivision 1; 297E.021; 477A.011, subdivisions 30a, 38, 42, 45; 477A.013, subdivision 13; 477A.16, subdivisions 1, 2, 3; 477B.02, subdivision 4; 477B.03, subdivision 6.

Sec. 24. Minnesota Statutes 2022, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) A ~~portion of taxable Social Security benefits is allowed as a subtraction. The~~ taxpayer is allowed a subtraction ~~equals~~ equal to the greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction determined under paragraph (e).

(b) A taxpayer's simplified subtraction equals the amount of taxable social security benefits, as reduced under paragraphs (c) and (d).

(c) For a taxpayer other than a married taxpayer filing a separate return with adjusted gross income above the phaseout threshold, the simplified subtraction is reduced by ten percent for each $4,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold. The phaseout threshold equals:

(1) $100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) $78,000 for a single or head of household taxpayer; and

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(d) For a married taxpayer filing a separate return, the simplified subtraction is reduced by ten percent for each $2,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold.

(e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs ~~(b), (c), and (d)~~ (f), (g), and (h).

~~(b)~~ (f) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction under paragraph (c) equals ~~$5,150~~ $5,840. The maximum subtraction is reduced by 20 percent of provisional income over ~~$78,180~~ $88,630. In no case is the subtraction less than zero.

~~(c)~~ (g) For single or head-of-household taxpayers, the maximum subtraction under paragraph (c) equals ~~$4,020~~ $4,560. The maximum subtraction is reduced by 20 percent of provisional income over ~~$61,080~~ $69,250. In no case is the subtraction less than zero.

~~(d)~~ (h) For married taxpayers filing separate returns, the maximum subtraction under paragraph (c) equals one-half the maximum subtraction for joint returns under paragraph ~~(b)~~ (d). The maximum subtraction is reduced by 20 percent of provisional income over one-half the threshold amount specified in paragraph ~~(b)~~ (d). In no case is the subtraction less than zero.

~~(e)~~ (i) For purposes of this subdivision, "provisional income" means modified adjusted gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the taxable Social Security benefits received during the taxable year, and "Social Security benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

~~(f)~~ (j) The commissioner shall adjust the ~~maximum subtraction and~~ phaseout threshold amounts in paragraphs ~~(b) to~~ (c) and (d) as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2023. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest $10 amount. If the amount ends in $5, the amount is rounded up to the nearest $10 amount.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 25. Minnesota Statutes 2022, section 290.0132, subdivision 27, is amended to read:

Subd. 27. **Deferred foreign income.** The amount of deferred foreign income ~~recognized because of section 965 of the Internal Revenue Code~~ under section 965 of the Internal Revenue Code included in federal adjusted gross income or federal taxable income, is a subtraction.

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

Sec. 26. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

(1) $25,000 for a married taxpayer filing a joint return or surviving spouse; or

(2) $12,500 for all other filers.

(b) For a taxpayer with adjusted gross income above the phaseout threshold, the subtraction is reduced by ten percent for each $2,000 of adjusted gross income, or fraction thereof, in excess of the threshold. The phaseout threshold equals:

(1) $100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) $78,000 for a single or head of household taxpayer; or

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(c) For the purposes of this section, "qualified public pension income" means any amount received:

(1) by a former basic member or the survivor of a former basic member, as an annuity or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A, provided that the annuity or benefit is based on service for which the member or survivor is not also receiving Social Security benefits;

(2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State Patrol retirement plan under chapter 352B, or the public employees police and fire plan under sections 353.63 to 353.666, provided that the annuity or benefit is based on service for which the member or survivor is not also receiving Social Security benefits;

(3) from any retirement system administered by the federal government that is based on service for which the recipient or the recipient's survivor is not also receiving Social Security benefits; or

(4) from a public retirement system of or created by another state or any of its political subdivisions, or the District of Columbia, if the income tax laws of the other state or district permit a similar deduction or exemption or a reciprocal deduction or exemption of a retirement or pension benefit received from a public retirement system of or created by this state or any political subdivision of this state.

(d) The commissioner must annually adjust the subtraction limits in paragraph (a) and the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year is taxable year 2023.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 27. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 35. **Damages for sexual harassment or abuse.** The amount of damages received under a sexual harassment or abuse claim that is not excluded from gross income under section 104(a)(2) of the Internal Revenue Code because the damages are not received on account of personal physical injuries or physical sickness is a subtraction.

EFFECTIVE DATE; NOTIFICATION TO REVISOR. (a) This section is effective 60 days after the commissioner of management and budget certifies that the bonds authorized under Minnesota Statutes, section 16A.965, are no longer outstanding.

(b) The commissioner of management and budget must notify the revisor of statutes within 30 days of the certification under paragraph (a).

ARTICLE 14

TEACHERS RETIREMENT ASSOCIATION; ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION; NORMAL RETIREMENT AGE

Section 1. Minnesota Statutes 2022, section 126C.10, subdivision 37, is amended to read:

Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment revenue equals the sum of:

(1) the greater of zero or the product of:

(i) the difference between the district's adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit; and

(ii) the district's adjusted pupil units for the fiscal year; and

(2) the product of the salaries paid to district employees who were members of the Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The pension adjustment rate for Independent School District No. 625, St. Paul, equals ~~0.84 percent for fiscal year 2019, 1.67 percent for fiscal year 2020, 1.88 percent for fiscal year 2021, 2.09 percent for fiscal year 2022,~~ 2.3 percent for fiscal year 2023, ~~and~~ 2.5 percent for fiscal year 2024 and fiscal year 2025, and 3.25 percent for fiscal year 2026 and later. The pension adjustment rate for all other districts equals ~~0.21 percent for fiscal year 2019, 0.42 percent for fiscal year 2020, 0.63 percent for fiscal year 2021, 0.84 percent for fiscal year 2022,~~ 1.05 percent for fiscal year 2023, ~~and~~ 1.25 percent for fiscal year 2024 and ~~later~~ fiscal year 2025, and 2.0 percent for fiscal year 2026 and later.

(b) For fiscal year 2025 ~~and later~~, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal year 2024. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(c) For fiscal year 2026 and fiscal year 2027, the state total pension adjustment revenue under paragraph (a), clause (2), must not be prorated.

(d) For fiscal year 2028 and later, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2) for fiscal year 2027. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(e) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be paid to the cooperative unit.

Sec. 2. Minnesota Statutes 2022, section 354.05, subdivision 38, is amended to read:

Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, 2025, for a person who first becomes a member of the association after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. Beginning July 1, 2025, normal retirement age for all members means age 65.

Sec. 3. Minnesota Statutes 2022, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the following percentage of the member's salary:

Period	Basic Program	Coordinated Program
from July 1, 2014, through June 30, 2023	11 percent	7.5 percent
~~after June 30~~ from July 1, 2023, through June 30, 2025	11.25 percent	7.75 percent
after June 30, 2025	11.5 percent	8.0 percent

(b) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(c) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 4. Minnesota Statutes 2022, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or who is a basic member.

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
~~from July 1, 2014, through June 30, 2018~~	~~7.5 percent~~	~~11.5 percent~~
~~from July 1, 2018, through June 30, 2019~~	~~7.71 percent~~	~~11.71 percent~~
~~from July 1, 2019, through June 30, 2020~~	~~7.92 percent~~	~~11.92 percent~~
~~from July 1, 2020, through June 30, 2021~~	~~8.13 percent~~	~~12.13 percent~~
~~from July 1, 2021, through June 30, 2022~~	~~8.34 percent~~	~~12.34 percent~~
from July 1, 2022, through June 30, 2023	8.55 percent	12.55 percent
~~after June 30~~ from July 1, 2023, through June 30, 2025	8.75 percent	12.75 percent
after June 30, 2025	9.5 percent	13.5 percent

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

Sec. 5. Minnesota Statutes 2022, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, 2025, for a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. Beginning July 1, 2025, for all members of the coordinated program of the St. Paul Teachers Retirement Fund Association, normal retirement age means age 65.

(b) For a person who is a member of the basic program of the St. Paul Teachers Retirement Fund Association, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the teachers retirement fund association.

Sec. 6. Minnesota Statutes 2022, section 354A.12, subdivision 1, as amended by Laws 2023, chapter 45, article 5, section 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member is the percentage of total salary specified below for the applicable program:

Program	Percentage of Total Salary
basic program after June 30, 2016, through June 30, 2023	10 percent
basic program after June 30, 2023, through June 30, 2025	10.25 percent
basic program after June 30, 2025	~~11.25~~ 11.5 percent
coordinated program after June 30, 2016, through June 30, 2023	7.5 percent
coordinated program after June 30, 2023, through June 30, 2025	7.75 percent
coordinated program after June 30, 2025	~~8.75~~ 9 percent

(b) Contributions must be made by deduction from salary and must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 7. Minnesota Statutes 2022, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to the teachers retirement fund association:

(1) for each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

~~after June 30, 2016~~	~~6.25 percent~~
~~after June 30, 2017~~	~~6.5 percent~~
~~after June 30, 2018~~	~~7.335 percent~~
~~after June 30, 2019~~	~~8.17 percent~~
~~after June 30, 2020~~	~~8.38 percent~~
~~after June 30, 2021~~	~~8.59 percent~~
after June 30, 2022	8.8 percent
after June 30, 2023	9 percent
after June 30, 2025	9.75 percent

(2) for each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount according to the schedule below:

~~after June 30, 2016~~	~~9.75 percent of salary~~
~~after June 30, 2017~~	~~10 percent of salary~~
~~after June 30, 2018~~	~~10.835 percent of salary~~
~~after June 30, 2019~~	~~11.67 percent of salary~~
~~after June 30, 2020~~	~~11.88 percent of salary~~
~~after June 30, 2021~~	~~12.09 percent of salary~~
after June 30, 2022	12.3 percent of salary
after June 30, 2023	12.5 percent of salary
after June 30, 2025	13.25 percent of salary

(3) for each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.84 percent of the coordinated member's salary.

(b) The regular and additional employer contributions must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 8. Minnesota Statutes 2022, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington Fire Department Relief Association, and the local monthly benefit volunteer firefighter relief associations, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in the appendix described in subdivision 8, paragraph (c). For the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the investment return assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable investment return assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the investment return assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2048.

(e) For the Teachers Retirement Association, the established date for full funding is June 30, 2048, through June 30, 2025. Beginning July 1, 2025, the established date for full funding is June 30, 2053.

(f) For the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

(g) For the judges retirement plan, the established date for full funding is June 30, 2048.

(h) For the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, 2048.

(i) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2048.

(j) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

(k) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Sec. 9. **BASE ADJUSTMENT.**

(a) The commissioner of management and budget shall increase the total operations and maintenance base for the Board of Trustees of the Minnesota State Colleges and Universities established in law for fiscal year 2026 and later by $1,446,000 for increased employer pension contributions to the Teachers Retirement Association.

(b) The commissioner of management and budget shall increase the budget base for the Minnesota State Academies established in law for fiscal year for 2026 and later by $44,000 for increased employer pension contributions to the Teachers Retirement Association.

(c) The commissioner of management and budget shall increase the total budget base for the Perpich Center for Arts Education established in law for fiscal year 2026 and later by $12,000 for increased employer pension contributions to the Teachers Retirement Association.

of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December ~~15~~ 31 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December ~~15~~ 31 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective retroactively for refund claims based on property taxes payable in 2022 and thereafter.

ARTICLE 17

DEPARTMENT OF REVENUE: FIRE AND POLICE STATE AIDS

Section 1. Minnesota Statutes 2022, section 6.495, subdivision 3, is amended to read:

Subd. 3. **~~Report~~ Reports to commissioner of revenue.** (a) On or before September 15, November 1, March 1, and June 1, the state auditor ~~shall~~ must file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required under section 424A.014 and the auditing or certification of those financial reports under subdivision 1; and

(2) the receipt of any actuarial valuations required under section 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42.

(b) The commissioner of revenue shall prescribe the content, format, and manner of the financial compliance reports required by paragraph (a), pursuant to section 270C.30.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 2. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement between two or more fire departments that provide contracted fire protection service to the same municipality and establishes the percentage of the population and the percentage of the estimated market value within the municipality serviced by each fire department.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, section 477B.01, subdivision 5, is amended to read:

Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

(1) a municipal fire department ~~and~~;

(2) an independent nonprofit firefighting corporation~~.~~;

(3) a fire department established as or operated by a joint powers entity; or

(4) a fire protection special taxing district established under chapter 144F or special law.

(b) This subdivision only applies to this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to read:

Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity created under section 471.59.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 477B.01, subdivision 10, is amended to read:

Subd. 10. **Municipality.** (a) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) ~~a park district subject to chapter 398~~ a joint powers entity;

(4) ~~the University of Minnesota~~ a fire protection special taxing district; ~~and~~ or

(5) an American Indian tribal government entity located within a federally recognized American Indian reservation.

(b) This subdivision only applies to this chapter ~~477B~~.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, section 477B.01, subdivision 11, is amended to read:

Subd. 11. **Secretary.** (a) "Secretary" means:

(1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary incorporated firefighters' relief association or whose firefighters participate in the statewide volunteer firefighter plan~~.~~; or

(2) the secretary of a joint powers entity or fire protection special taxing district or, if there is no such person, the person primarily responsible for managing the finances of a joint powers entity or fire protection special taxing district.

(b) This subdivision only applies to this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 7. Minnesota Statutes 2022, section 477B.02, subdivision 2, is amended to read:

Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting corporation must be created under the nonprofit corporation act of this state operating for the exclusive purpose of firefighting, or the governing body of a municipality must officially establish a fire department.

(b) The fire department must have provided firefighting services for at least one calendar year, and must have a current fire department identification number issued by the state fire marshal.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 477B.02, subdivision 3, is amended to read:

Subd. 3. **~~Personnel and~~ Benefits requirements.** ~~(a) A fire department must have a minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

~~(b) The fire department must have regular scheduled meetings and frequent drills that include instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment.~~

~~(c)~~ (a) The fire department must have a separate subsidiary incorporated firefighters' relief association that provides retirement benefits or must participate in the statewide volunteer firefighter plan; or if the municipality solely employs full-time firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be provided by the public employees police and fire retirement plan. For purposes of retirement benefits, a fire department may be associated with only one volunteer firefighters' relief association or one account in the voluntary statewide volunteer firefighter retirement plan at one time.

~~(d)~~ (b) Notwithstanding paragraph ~~(c)~~ (a), a municipality without a relief association as described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other requirements of this section are met.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 477B.02, is amended by adding a subdivision to read:

Subd. 4a. **Public safety answering point requirement.** The fire department must be dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 477B.02, subdivision 5, is amended to read:

Subd. 5. **Fire service contract or agreement; apportionment agreement filing ~~requirement~~ requirements.** (a) Every municipality or independent nonprofit firefighting corporation must file ~~a copy of any duly executed and valid fire service contract or agreement~~ with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2) written notification of any fire service contract terminations, and (3) written notification of any dissolution of a fire department, within 60 days of contract execution or termination, or department dissolution.

(b) If more than one fire department provides service to a municipality, the fire departments furnishing service must ~~enter into an agreement apportioning among themselves the percentage of the population and the percentage of the estimated market value of each shared service fire department service area. The agreement must be in writing and must be filed~~ file an apportionment agreement with the commissioner.

(c) When a municipality is a joint powers entity, it must file its joint powers agreement with the commissioner. If the joint powers agreement does not include sufficient information defining the fire department service area of the joint powers entity for the purposes of calculating fire state aid, the secretary must file a written statement with the commissioner defining the fire department service area.

(d) When a municipality is a fire protection special taxing district, it must file its resolution establishing the fire protection special taxing district, and any agreements required for the establishment of the fire protection special taxing district, with the commissioner. If the resolution or agreement does not include sufficient information defining the fire department service area of the fire protection special taxing district, the secretary must file a written statement with the commissioner defining the fire department service area.

(e) The commissioner shall prescribe the content, format, and manner of the notifications, apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to section 270C.30, except that copies of fire service contracts, joint powers agreements, and resolutions establishing fire protection special taxing districts shall be filed in their existing form.

(f) A document filed with the commissioner under this subdivision must be refiled any time it is updated within 60 days of the update. An apportionment agreement must be refiled only when a change in the averaged sum of the percentage of population and percentage of estimated market value serviced by a fire department subject to the apportionment agreement is at least one percent. The percentage amount must be rounded to the nearest whole percentage.

(g) Upon the request of the commissioner, the county auditor must provide information that the commissioner requires to accurately apportion the estimated market value of a fire department service area for a fire department providing service to an unorganized territory located in the county.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 477B.02, subdivision 8, is amended to read:

Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, ~~if retirement coverage for a fire department is provided by the statewide volunteer firefighter plan,~~ the executive director of the Public Employees Retirement Association must certify ~~the existence of retirement coverage.~~ to the commissioner the fire departments that transferred retirement coverage to, or terminated participation in, the voluntary statewide volunteer firefighter retirement plan since the previous certification under this paragraph. This certification must include the number of active volunteer firefighters under section 477B.03, subdivision 5, paragraph (e).

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 477B.02, subdivision 9, is amended to read:

Subd. 9. **Fire department certification to commissioner.** On or before March 15 of each year, the municipal clerk or the secretary~~, and the fire chief,~~ must ~~jointly~~ certify to the commissioner ~~that the fire department exists and meets the qualification requirements of this section~~ the fire department service area as of December 31 of the previous year, and that the fire department meets the qualification requirements of this section. The municipal clerk or the secretary must provide the commissioner with documentation that the commissioner deems necessary for determining eligibility for fire state aid or for calculating and apportioning fire state aid under section 477B.03. The certification must be on a form prescribed by the commissioner and must include all other information that the commissioner requires. The municipal clerk or the secretary must send a copy of the certification filed under this subdivision to the fire chief within five business days of the date the certification was filed with the commissioner.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 477B.02, subdivision 10, is amended to read:

Subd. 10. **Penalty for failure to file or correct certification.** (a) If the certification under subdivision 9 is not filed with the commissioner on or before March ~~15~~ 1, the commissioner must notify the municipal clerk or the secretary that a penalty ~~equal to a portion or all of the current year aid will apply if the certification is not received within ten days of the postmark date of the notification~~ will be deducted from fire state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification by the municipal clerk or secretary under subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection or by March 15, whichever date is later.

~~(b)~~ (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty ~~for failure to file the certification under subdivision 9~~ is equal to the amount of fire state aid determined for the municipality or the independent nonprofit firefighting corporation for the current year, multiplied by ~~five~~ ten percent for each week or fraction of a week that the certification or corrective certification is ~~late~~ filed after March 15 or more than 30 days after the date on the notice of rejection. ~~The penalty must be computed beginning ten days after the postmark date of the commissioner's notification.~~ Aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form is not a defense for a failure to file.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 14. Minnesota Statutes 2022, section 477B.03, subdivision 2, is amended to read:

Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report, except that credits claimed under section 297I.20, subdivisions 3, 4, 5, and 6, do not affect the calculation of the amount of fire state aid available for apportionment. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations.

(b) The total amount available for apportionment must not be less than two percent of the premiums less return premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of $5,000,000 or less.

(c) The commissioner must apportion the fire state aid to each municipality or independent nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums reported on the Minnesota Fire Premium Reports filed under this chapter.

(d) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

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

Sec. 15. Minnesota Statutes 2022, section 477B.03, subdivision 3, is amended to read:

Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census figures~~ The most recent population estimates made by the state demographer pursuant to section 4A.02, paragraph (d), must be used in calculations requiring the use of population figures under this chapter. ~~Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.~~

(b) The ~~latest available~~ estimated market value property figures for the assessment year immediately preceding the year the aid is distributed must be used in calculations requiring the use of estimated market value property figures under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 16. Minnesota Statutes 2022, section 477B.03, subdivision 4, is amended to read:

Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 2, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount is allocated one-half in proportion to the population for each fire department service area and one-half in proportion to the estimated market value of each fire department service area, including (1) the estimated market value of tax-exempt property, and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

(b) In the case of a municipality or independent nonprofit firefighting corporation furnishing fire protection to other municipalities as evidenced by valid fire service contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments.

(c) In the case of municipalities or independent nonprofit firefighting corporations qualifying for aid, the commissioner must calculate the state aid for the municipality or independent nonprofit firefighting corporation on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by valid fire service ~~agreements~~ contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5.

(d) In the case of more than one fire department furnishing contracted fire service to a municipality, the population and estimated market value in the apportionment agreement filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating the state aid.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 17. Minnesota Statutes 2022, section 477B.03, subdivision 5, is amended to read:

Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid allocation amount is the amount derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire state aid allocation amount is allocated to municipalities or independent nonprofit firefighting corporations with volunteer firefighters' relief associations or covered by the statewide volunteer firefighter plan. The amount is based on the number of active volunteer firefighters who are (1) members of the relief association as reported to the Office of the State Auditor in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2) covered by the statewide volunteer firefighter plan as specified in paragraph (e).

(b) For relief associations established in calendar year 1993 or a prior year, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1993, but not to exceed 30 active volunteer firefighters.

(c) For relief associations established in calendar year 1994 through calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters.

(d) For relief associations established after calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

(e) ~~If a relief association is terminated as a result of~~ For a municipality or independent nonprofit firefighting corporation that is providing retirement coverage for volunteer firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of active volunteer firefighters equals the number of active volunteer firefighters of the municipality or independent nonprofit firefighting corporation covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor within 30 days of the date the municipality or independent nonprofit firefighting corporation begins coverage in the plan, but not to exceed 30 active firefighters.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 18. Minnesota Statutes 2022, section 477B.03, subdivision 7, is amended to read:

Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a fire relief association, or the statewide volunteer firefighter plan may object to the amount of fire state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds within the state. The objection of a municipality, an independent nonprofit firefighting corporation, a fire relief association, or the voluntary statewide volunteer firefighter retirement plan must be filed with the commissioner within 60 days of the date the amount of apportioned fire state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or independent nonprofit firefighting corporation is located or by the Ramsey County District Court with respect to the statewide volunteer firefighter plan.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 19. Minnesota Statutes 2022, section 477B.04, subdivision 1, is amended to read:

Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public Employees Retirement Association for deposit in the statewide volunteer firefighter fund on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the statewide volunteer firefighter plan under chapter 353G~~, or directly to a municipality or county designated by an independent nonprofit firefighting corporation~~. The commissioner must directly pay all other municipalities qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to the amount of fire state aid apportioned to the applicable fire state aid recipient under section 477B.03.

(b) Fire state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

(c) If the commissioner of revenue does not receive a financial compliance report described in section 6.495, subdivision 3, for a relief association, the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting corporation under section 477B.03 for that relief association must be withheld from payment to the Public Employees Retirement Association or the municipality. The commissioner of revenue must issue a withheld payment within ten business days of receipt of a financial compliance report under section 6.495, subdivision 3. The interest under paragraph (b) does not apply ~~when~~ to a payment ~~has not been made by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7~~ withheld under this paragraph.

(d) The commissioner must make payments directly to the largest municipality in population located within any area included in a joint powers entity that does not have a designated agency under section 471.59, subdivision 3, or within the fire department service area of an eligible independent nonprofit firefighting corporation. If there is no city or town within the fire department service area of an eligible independent nonprofit firefighting corporation, fire state aid must be paid to the county where the independent nonprofit firefighting corporation is located.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 20. Minnesota Statutes 2022, section 477B.04, is amended by adding a subdivision to read:

Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid overpayment or underpayment due to a clerical error must be made to subsequent fire state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality or independent nonprofit firefighting corporation is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality or independent nonprofit firefighting corporation over a period of no more than three years. An additional distribution to a municipality or independent nonprofit firefighting corporation must be paid from the general fund and must not diminish the payments made to other municipalities or independent nonprofit firefighting corporations under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 21. Minnesota Statutes 2022, section 477C.02, subdivision 4, is amended to read:

Subd. 4. **Penalty for failure to file or correct certification.** (a) If a certification under subdivision 1 or 2 is not filed with the commissioner on or before March ~~15~~ 1, the commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty ~~equal to a portion or all of its current year aid will apply if the certification~~

~~is not received within ten days~~ will be deducted from police state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection, or by March 15, whichever date is later.

~~(b)~~ (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty ~~for failure to file the certification under subdivision 1 or 2~~ is equal to the amount of police state aid determined for the municipality for the current year, multiplied by ~~five~~ ten percent for each week or fraction of a week that the certification or corrective certification is ~~late~~ filed after March 15 or more than 30 days after the date on the notice of rejection. ~~The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision.~~ All aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form may not be used as a defense for a failure to file.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 22. Minnesota Statutes 2022, section 477C.03, subdivision 2, is amended to read:

Subd. 2. **Apportionment of police state aid.** (a) The total amount available for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report, except that credits claimed under section 297I.20, subdivisions 3, 4, 5, and 6, do not affect the calculation of the total amount of police state aid available for apportionment. The total amount for apportionment for the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report.

(b) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(c) In addition to the amount for apportionment of police state aid under paragraph (a), each year $100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

(d) The commissioner must apportion police state aid to all municipalities in proportion to the relationship that the total number of peace officers employed by that municipality for the prior calendar year and the proportional or fractional number who were employed less than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears to the total number of peace officers employed by all municipalities subject to any reduction under subdivision 3.

~~(e) Any necessary additional adjustments must be made to subsequent police state aid apportionments.~~

EFFECTIVE DATE. <u>(a) The amendment to paragraph (a) is effective the day following final enactment.</u>

<u>(b) The amendment striking paragraph (e) is effective for aids payable in calendar year 2024 and thereafter.</u>

Sec. 23. Minnesota Statutes 2022, section 477C.03, subdivision 5, is amended to read:

Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds to the municipality. <u>The objection of a municipality must be filed with the commissioner within 60 days of the date the amount of apportioned police state aid is paid.</u> The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality is located or by the Ramsey County District Court with respect to the Departments of Natural Resources or Public Safety.

EFFECTIVE DATE. <u>This section is effective for aids payable in calendar year 2024 and thereafter.</u>

Sec. 24. Minnesota Statutes 2022, section 477C.04, is amended by adding a subdivision to read:

<u>Subd. 4.</u> <u>**Aid amount corrections.**</u> <u>(a) An adjustment needed to correct a police state aid overpayment or underpayment due to a clerical error must be made to subsequent police state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.</u>

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality over a period of no more than three years. An additional distribution to a municipality must be paid from the general fund and must not diminish the payments made to other municipalities under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 25. **REPEALER.**

Minnesota Statutes 2022, sections 477B.02, subdivision 4; and 477B.03, subdivision 6, are repealed.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

ARTICLE 18

DEPARTMENT OF REVENUE: DATA PRACTICES

Section 1. Minnesota Statutes 2022, section 13.46, subdivision 2, is amended to read:

Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an