

1.1 moves to amend S.F. No. 3540; H.F. No. 4017, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1
1.4 MINNESOTA STATE RETIREMENT SYSTEM

1.5 Section 1. Minnesota Statutes 2020, section 352.27, is amended to read:

1.6 **352.27 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR**
1.7 **BREAK IN SERVICE TO PROVIDE UNIFORMED PERIODS OF MILITARY**
1.8 **SERVICE.**

1.9 (a) An employee who is absent from employment by reason of service in the uniformed
1.10 services, as defined in United States Code, title 38, section 4303(13), and who returns to
1.11 state service upon discharge from service in the uniformed service within the time frames
1.12 required in United States Code, title 38, section 4312(e), may obtain service credit for the
1.13 period of the uniformed service as further specified in this section, provided that the employee
1.14 did not separate from uniformed service with a dishonorable or bad conduct discharge or
1.15 under other than honorable conditions.

1.16 (b) The employee may obtain credit by paying into the fund an equivalent employee
1.17 contribution based upon the contribution rate or rates in effect at the time that the uniformed
1.18 service was performed multiplied by the full and fractional years being purchased and
1.19 applied to the annual salary rate. The annual salary rate is the average annual salary during
1.20 the purchase period that the employee would have received if the employee had continued
1.21 to be employed in covered employment rather than ~~to provide~~ having performed uniformed
1.22 service, or, if the determination of that rate is not reasonably certain, the annual salary rate
1.23 is the employee's average salary rate during the 12-month period of covered employment
1.24 rendered immediately preceding the period of the uniformed service.

1.25 (c) The equivalent employer contribution and, if applicable, the equivalent additional
1.26 employer contribution provided in this chapter must be paid by the department employing
1.27 the employee from funds available to the department at the time and in the manner provided
1.28 in this chapter, using the employer and additional employer contribution rate or rates in
1.29 effect at the time that the uniformed service was performed, applied to the same annual
1.30 salary rate or rates used to compute the equivalent employee contribution.

1.31 (d) If the employee equivalent contributions provided in this section are not paid in full,
1.32 the employee's allowable service credit must be prorated by multiplying the full and fractional
1.33 number of years of uniformed service eligible for purchase by the ratio obtained by dividing

2.1 the total employee contribution received by the total employee contribution otherwise
2.2 required under this section.

2.3 (e) To receive service credit under this section, the equivalent employee contributions
2.4 specified in ~~this section~~ paragraph (b) must be transmitted to the Minnesota State Retirement
2.5 System during the period which begins with the date on which the individual returns to state
2.6 service and which has a duration of three times the length of the uniformed service period,
2.7 but not to exceed five years. If the determined payment period is less than ~~one year~~ three
2.8 years, the contributions required under ~~this section~~ paragraph (b) to receive service credit
2.9 ~~may~~ must be made within ~~one year~~ three years of the discharge date.

2.10 (f) The amount of service credit obtainable under this section may not exceed five years
2.11 unless a longer purchase period is required under United States Code, title 38, section 4312.

2.12 (g) The employing unit shall pay interest on all equivalent employee and employer
2.13 contribution amounts payable under this section. Interest must be at the applicable annual
2.14 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end
2.15 of each fiscal year of the leave or the break in service to the end of the month in which the
2.16 payment is received.

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

2.18 **Sec. 2. [352.272] STATE-AUTHORIZED PURCHASE OF SERVICE CREDIT FOR**
2.19 **PERIODS OF MILITARY SERVICE.**

2.20 **Subdivision 1. Service credit purchase authorized.** (a) Unless prohibited under
2.21 paragraph (b), an employee is eligible to purchase service credit, not to exceed five
2.22 cumulative years of service credit, for one or more periods of service in the uniformed
2.23 services, as defined in United States Code, title 38, section 4303(13), if:

2.24 (1) the employee has at least three years of service credit with the general state employees
2.25 retirement plan or the correctional state employees retirement plan under this chapter;

2.26 (2) the duration of the employee's current period of employment is at least six months;
2.27 and

2.28 (3) one of the following applies:

2.29 (i) the employee's service in the uniformed services occurred before becoming a state
2.30 employee as defined in section 352.01, subdivision 2; or

2.31 (ii) the employee did not obtain service credit for a period of military service under
2.32 section 352.27.

3.1 (b) A service credit purchase is prohibited if:

3.2 (1) the employee separated from uniformed service with a dishonorable or bad conduct
3.3 discharge or under other than honorable conditions; or

3.4 (2) the employee has purchased or otherwise received service credit from any Minnesota
3.5 public employee pension plan for the same period of service in the uniformed services.

3.6 (c) When purchasing a period of service, if the period of service in the uniformed services
3.7 is one year or less, then the employee must purchase the full period of service. If the period
3.8 of service in the uniformed services is longer than one year, the employee may purchase
3.9 the full period, not to exceed five cumulative years, or may purchase a portion of the period
3.10 of service. If the employee purchases a portion of the period of service in the uniformed
3.11 services, the portion must:

3.12 (1) not be less than one year; and

3.13 (2) be in increments of six months of service.

3.14 Subd. 2. **Application and documentation.** To purchase service credit under subdivision
3.15 1, an employee must apply to the executive director to make the purchase. The application
3.16 must include all necessary documentation of the employee's qualifications to make the
3.17 purchase, signed written permission to allow the executive director to request and receive
3.18 necessary verification of applicable facts and eligibility requirements, and any other relevant
3.19 information that the executive director may require. The employee must submit with the
3.20 application payment of the administrative fee in the amount of \$250 to cover the costs of
3.21 calculating the purchase payment amount under section 356.551. If the employee proceeds
3.22 with the purchase, the administrative fee will be credited toward the purchase payment
3.23 amount.

3.24 Subd. 3. **Purchase payment amount; service credit grant.** (a) The purchase payment
3.25 amount is the amount determined under section 356.551 for the period or periods of service
3.26 requested, except that, for purposes of calculating the purchase payment amount to purchase
3.27 service credit for service in the uniformed services that occurred before becoming a state
3.28 employee or between periods of employment as a state employee, section 356.551,
3.29 subdivision 2, paragraph (c), does not apply.

3.30 (b) Service credit must be granted by the applicable plan to the purchasing employee
3.31 upon the executive director's receipt of the purchase payment amount. The service credit
3.32 purchased under this section may not be used for the purpose of determining a disability
3.33 benefit under section 352.113 or 352.95.

4.1 (c) Payment must be made before the effective date of the employee's retirement.

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

4.3 Sec. 3. Minnesota Statutes 2020, section 352.91, subdivision 3f, is amended to read:

4.4 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
4.5 correctional service" means service by a state employee in one of the employment positions
4.6 specified in paragraph (b) in the state-operated forensic services program or the Minnesota
4.7 Sex Offender Program if at least 75 percent of the employee's working time is spent in direct
4.8 contact with patients and the determination of this direct contact is certified to the executive
4.9 director by the commissioner of human services.

4.10 (b) The employment positions are:

4.11 (1) behavior analyst 2;

4.12 (2) behavior analyst 3;

4.13 (3) certified occupational therapy assistant 1;

4.14 (4) certified occupational therapy assistant 2;

4.15 (5) chemical dependency counselor senior;

4.16 (6) client advocate;

4.17 (7) clinical program therapist 2;

4.18 (8) clinical program therapist 3;

4.19 (9) clinical program therapist 4;

4.20 (10) customer services specialist principal;

4.21 (11) dental assistant registered;

4.22 (12) dental hygienist;

4.23 ~~(12)~~ (13) group supervisor;

4.24 ~~(13)~~ (14) group supervisor assistant;

4.25 ~~(14)~~ (15) human services support specialist;

4.26 ~~(15)~~ (16) licensed alcohol and drug counselor;

4.27 ~~(16)~~ (17) licensed practical nurse;

4.28 ~~(17)~~ (18) management analyst 3;

- 5.1 ~~(18)~~ (19) occupational therapist;
- 5.2 ~~(19)~~ (20) occupational therapist, senior;
- 5.3 ~~(20)~~ (21) physical therapist;
- 5.4 ~~(21)~~ (22) psychologist 1;
- 5.5 ~~(22)~~ (23) psychologist 2;
- 5.6 ~~(23)~~ (24) psychologist 3;
- 5.7 ~~(24)~~ (25) recreation program assistant;
- 5.8 ~~(25)~~ (26) recreation therapist lead;
- 5.9 ~~(26)~~ (27) recreation therapist senior;
- 5.10 ~~(27)~~ (28) rehabilitation counselor senior;
- 5.11 (29) residential program lead;
- 5.12 ~~(28)~~ (30) security supervisor;
- 5.13 ~~(29)~~ (31) skills development specialist;
- 5.14 ~~(30)~~ (32) social worker senior;
- 5.15 ~~(31)~~ (33) social worker specialist;
- 5.16 ~~(32)~~ (34) social worker specialist, senior;
- 5.17 ~~(33)~~ (35) special education program assistant;
- 5.18 ~~(34)~~ (36) speech pathology clinician;
- 5.19 ~~(35)~~ (37) work therapy assistant; and
- 5.20 ~~(36)~~ (38) work therapy program coordinator.

5.21 **EFFECTIVE DATE.** This section is effective on the first day of the first payroll period

5.22 occurring after the date of enactment and applies to prospective service only.

5.23 Sec. 4. Minnesota Statutes 2020, section 352B.086, is amended to read:

5.24 **352B.086 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR**

5.25 **UNIFORMED PERIODS OF MILITARY SERVICE.**

5.26 (a) A member who is absent from employment by reason of service in the uniformed

5.27 services, as defined in United States Code, title 38, section 4303(13), and who returns to

5.28 state employment in a position covered by the plan upon discharge from service in the

6.1 uniformed services within the time frame required in United States Code, title 38, section
6.2 4312(e), may obtain service credit for the period of the uniformed service, provided that
6.3 the member did not separate from uniformed service with a dishonorable or bad conduct
6.4 discharge or under other than honorable conditions.

6.5 (b) The member may obtain credit by paying into the fund an equivalent member
6.6 contribution based on the member contribution rate or rates in effect at the time that the
6.7 uniformed service was performed multiplied by the full and fractional years being purchased
6.8 and applied to the annual salary rate. The annual salary rate is the average annual salary
6.9 during the purchase period that the member would have received if the member had continued
6.10 to provide employment services to the state rather than to provide uniformed service, or if
6.11 the determination of that rate is not reasonably certain, the annual salary rate is the member's
6.12 average salary rate during the 12-month period of covered employment rendered immediately
6.13 preceding the purchase period.

6.14 (c) The equivalent employer contribution and, if applicable, the equivalent employer
6.15 additional contribution, must be paid by the employing unit, using the employer and employer
6.16 additional contribution rate or rates in effect at the time that the uniformed service was
6.17 performed, applied to the same annual salary rate or rates used to compute the equivalent
6.18 member contribution.

6.19 (d) If the member equivalent contributions provided for in this section are not paid in
6.20 full, the member's allowable service credit must be prorated by multiplying the full and
6.21 fractional number of years of uniformed service eligible for purchase by the ratio obtained
6.22 by dividing the total member contributions received by the total member contributions
6.23 otherwise required under this section.

6.24 (e) To receive allowable service credit under this section, the equivalent member
6.25 contributions specified in ~~this section~~ paragraph (b) must be transmitted to the fund during
6.26 the period which begins with the date on which the individual returns to state employment
6.27 covered by the plan and which has a duration of three times the length of the uniformed
6.28 service period, but not to exceed five years. If the determined payment period is calculated
6.29 to be less than ~~one year~~ three years, the contributions required under ~~this section~~ paragraph
6.30 (b) to receive service credit must be transmitted to the fund within ~~one year~~ three years from
6.31 the discharge date.

6.32 (f) The amount of allowable service credit obtainable under this section may not exceed
6.33 five years, unless a longer purchase period is required under United States Code, title 38,
6.34 section 4312.

7.1 (g) The employing unit shall pay interest on all equivalent member and employer
7.2 contribution amounts payable under this section. Interest must be computed at the applicable
7.3 annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from
7.4 the end of each fiscal year of the leave or break in service to the end of the month in which
7.5 payment is received.

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

7.7 **Sec. 5. [352B.087] STATE-AUTHORIZED PURCHASE OF SERVICE CREDIT**
7.8 **FOR PERIODS OF MILITARY SERVICE.**

7.9 Subdivision 1. Service credit purchase authorized. (a) Unless prohibited under
7.10 paragraph (b), a member is eligible to purchase service credit, not to exceed five cumulative
7.11 years of service credit, for one or more periods of service in the uniformed services, as
7.12 defined in United States Code, title 38, section 4303(13), if:

7.13 (1) the member has at least three years of service credit with the plan;

7.14 (2) the duration of the member's current period of employment is at least six months;
7.15 and

7.16 (3) one of the following applies:

7.17 (i) the member's service in the uniformed services occurred before employment in a
7.18 position covered by the plan; or

7.19 (ii) the member did not obtain service credit for a period of military service under section
7.20 352B.086.

7.21 (b) A service credit purchase is prohibited if:

7.22 (1) the member separated from uniformed service with a dishonorable or bad conduct
7.23 discharge or under other than honorable conditions; or

7.24 (2) the member has purchased or otherwise received service credit from any Minnesota
7.25 public employee pension plan for the same period of service in the uniformed services.

7.26 (c) When purchasing a period of service, if the period of service in the uniformed services
7.27 is one year or less, then the member must purchase the full period of service. If the period
7.28 of service in the uniformed services is longer than one year, the member may purchase the
7.29 full period, not to exceed five cumulative years, or may purchase a portion of the period of
7.30 service. If the member purchases a portion of the period of service in the uniformed services,
7.31 the portion must:

8.1 (1) not be less than one year; and

8.2 (2) be in increments of six months of service.

8.3 Subd. 2. **Application and documentation.** To purchase service credit under subdivision
8.4 1, a member must apply to the executive director to make the purchase. The application
8.5 must include all necessary documentation of the member's qualifications to make the
8.6 purchase, signed written permission to allow the executive director to request and receive
8.7 necessary verification of applicable facts and eligibility requirements, and any other relevant
8.8 information that the executive director may require. The member must submit with the
8.9 application payment of the administrative fee in the amount of \$250 to cover the costs of
8.10 calculating the purchase payment amount under section 356.551. If the member proceeds
8.11 with the purchase, the administrative fee will be credited toward the purchase payment
8.12 amount.

8.13 Subd. 3. **Purchase payment amount; service credit grant.** (a) The purchase payment
8.14 amount is the amount determined under section 356.551 for the period or periods of service
8.15 requested, except that, for purposes of calculating the purchase payment amount to purchase
8.16 service credit for service in the uniformed services that occurred before employment in a
8.17 position covered by the plan or between periods of employment in a position covered by
8.18 the plan, section 356.551, subdivision 2, paragraph (c), does not apply.

8.19 (b) Service credit must be granted by the plan to the purchasing member upon the
8.20 executive director's receipt of the purchase payment amount. The service credit purchased
8.21 under this section may not be used for the purpose of determining a disability benefit under
8.22 section 352B.10.

8.23 (c) Payment must be made before the effective date of the member's retirement.

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

8.25 Sec. 6. Minnesota Statutes 2020, section 356.551, subdivision 2, is amended to read:

8.26 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph
8.27 (c) applies, the prior service credit purchase amount is an amount equal to the actuarial
8.28 present value, on the date of payment, as calculated by the chief administrative officer of
8.29 the pension plan and reviewed by the actuary retained under section 356.214, of the amount
8.30 of the additional retirement annuity obtained by the acquisition of the additional service
8.31 credit in this section.

9.1 (b) Calculation of this amount must be made using the investment return assumption
9.2 applicable to the public pension plan specified in section 356.215, subdivision 8, and the
9.3 mortality table adopted for the public pension plan.

9.4 (1) Unless clause (2) applies, the calculation must assume continuous future service in
9.5 the public pension plan until, and retirement at, the age at which the minimum requirements
9.6 of the fund for normal retirement or retirement with an annuity unreduced for retirement at
9.7 an early age, including section 356.30, are met with the additional service credit purchased.
9.8 The calculation must also assume a full-time equivalent salary, or actual salary, whichever
9.9 is greater, and a future salary history that includes annual salary increases at the applicable
9.10 salary increase rate for the plan specified in section 356.215, subdivision 8.

9.11 (2) This clause applies when the calculation is being done for purposes of section 352.272,
9.12 352B.087, or 353.0141, subdivision 3. The calculation must include continuous future
9.13 service in the public pension plan until, and retirement at, any age at or after which the
9.14 minimum requirements of the fund for early retirement or retirement with an annuity
9.15 unreduced for retirement at an early age, including section 356.30, are met with the additional
9.16 service credit purchased. The calculation must be determined using the retirement age that
9.17 provides the most valuable benefit to the member. The calculation must also assume a
9.18 full-time equivalent salary, or actual salary, whichever is greater, and a future salary history
9.19 that includes annual salary increases at the applicable salary increase rate for the plan
9.20 specified in section 356.215, subdivision 8.

9.21 (c) The prior service credit purchase amount may not be less than the amount determined
9.22 by applying, for each year or fraction of a year being purchased, the sum of the employee
9.23 contribution rate, the employer contribution rate, and the additional employer contribution
9.24 rate, if any, applicable during that period, to the person's annual salary during that period,
9.25 or fractional portion of a year's salary, if applicable, plus interest at the applicable annual
9.26 rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,
9.27 compounded annually, from the end of the year in which contributions would otherwise
9.28 have been made to the date on which the payment is received.

9.29 (d) Unless otherwise provided by statutes governing a specific plan, payment must be
9.30 made in one lump sum within one year of the prior service credit authorization or prior to
9.31 the member's effective date of retirement, whichever is earlier. Payment of the amount
9.32 calculated under this section must be made by the applicable eligible person.

9.33 (e) However, the current employer or the prior employer may, at its discretion, pay all
9.34 or any portion of the payment amount that exceeds an amount equal to the employee

10.1 contribution rates in effect during the period or periods of prior service applied to the actual
10.2 salary rates in effect during the period or periods of prior service, plus interest at the
10.3 applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever
10.4 applies, compounded annually, from the date on which the contributions would otherwise
10.5 have been made to the date on which the payment is made. If the employer agrees to
10.6 payments under this subdivision, the purchaser must make the employee payments required
10.7 under this subdivision within 90 days of the prior service credit authorization. If that
10.8 employee payment is made, the employer payment under this subdivision must be remitted
10.9 to the chief administrative officer of the public pension plan within 60 days of receipt by
10.10 the chief administrative officer of the employee payments specified under this subdivision.

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

10.12 **Sec. 7. DENTAL HYGIENIST AND RESIDENTIAL PROGRAM LEAD**
10.13 **PERMITTED TO TRANSFER PRIOR MSRS-GENERAL SERVICE CREDIT.**

10.14 For the purposes of Minnesota Statutes, section 352.955, subdivision 1, paragraph (b),
10.15 a person employed as a residential program lead or as a dental hygienist under Minnesota
10.16 Statutes, section 352.91, subdivision 3f, must be determined to be a person who is covered
10.17 by legislation implementing the recommendations under section 352.91, subdivision 4a.

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

10.19 **Sec. 8. TRANSFER OF PAST MINNESOTA STATE RETIREMENT SYSTEM**
10.20 **GENERAL SERVICE CREDIT TO MINNESOTA STATE RETIREMENT SYSTEM**
10.21 **CORRECTIONAL.**

10.22 Subdivision 1. Definitions. The following terms as used in this section have the meanings
10.23 given in this subdivision:

10.24 (1) "Correctional plan" means the correctional employees retirement plan of the
10.25 Minnesota State Retirement System.

10.26 (2) "Executive director" means the executive director of the Minnesota State Retirement
10.27 System.

10.28 (3) "General plan" means the general state employees retirement plan of the Minnesota
10.29 State Retirement System.

10.30 (4) "Service credit" means time credited as allowable service under Minnesota Statutes,
10.31 section 352.01, subdivision 11, to an eligible person described in subdivision 3.

11.1 (5) "Transfer period" means the period from August 9, 2017, to December 22, 2020.

11.2 Subd. 2. **Transfer of past service credit authorized.** Notwithstanding any state law to
11.3 the contrary, an eligible person described in subdivision 3 who makes payment to the
11.4 correctional employees retirement fund, as permitted under subdivision 4, on or before one
11.5 year following the effective date of this section is entitled to have:

11.6 (1) the employer payment made on the eligible person's behalf under subdivision 5; and

11.7 (2) applicable past service credit transferred from the general plan to the correctional
11.8 plan for the transfer period under subdivision 6.

11.9 Subd. 3. **Eligible person.** An eligible person is a person who:

11.10 (1) is an employee of the Minnesota Department of Corrections;

11.11 (2) on August 9, 2017, was promoted to the position of corrections transitions program
11.12 coordinator, a position eligible to participate in the correctional plan; and

11.13 (3) from August 9, 2017, to December 22, 2020, was erroneously covered by the general
11.14 plan because the department misreported the person's retirement plan eligibility to the
11.15 Minnesota State Retirement System.

11.16 Subd. 4. **Payment by eligible person.** (a) An eligible person may pay to the executive
11.17 director the difference between the employee contribution rate for the general plan and the
11.18 employee contribution rate for the correctional plan for the transfer period. The difference
11.19 between the two rates must be applied to the eligible person's salary at the time that each
11.20 contribution would have been deducted from pay if the eligible person had been covered
11.21 by the correctional plan for the transfer period. The payment must include interest at the
11.22 applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision
11.23 2, calculated from the date that each contribution would have been deducted to the date that
11.24 payment is made.

11.25 (b) The payment under paragraph (a) must be made in a lump sum no later than one year
11.26 following the effective date. Upon receipt of the payment, the executive director must notify
11.27 the commissioner of corrections that payment was made and of the amount owed under
11.28 subdivision 5.

11.29 Subd. 5. **Payment by the Department of Corrections.** If an eligible person makes the
11.30 payment under subdivision 4, the Department of Corrections, on behalf of the eligible
11.31 person, shall pay to the Minnesota State Retirement System the actuarial present value of
11.32 the additional benefit resulting from the transferred service credit less the payment made
11.33 under subdivision 4. This amount must be paid by the department in a lump sum within 30

12.1 days after the date on which the executive director notifies the commissioner of corrections
12.2 under subdivision 4.

12.3 Subd. 6. **Transfer of assets and service credit.** (a) If the payments under subdivisions
12.4 4 and 5 are made, the executive director must transfer assets from the general state employees
12.5 retirement fund to the correctional employees retirement fund in an amount equal to the
12.6 actuarial present value of the benefits earned by the eligible person under the general plan
12.7 during the transfer period. The transfer of assets must be made within 15 days after receipt
12.8 of the payments under subdivisions 4 and 5.

12.9 (b) Upon transfer of the assets under paragraph (a), the eligible person shall have service
12.10 credit in the correctional plan and no service credit in the general plan for the transfer period.

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

12.12 Sec. 9. **PURCHASE OF SERVICE CREDIT AUTHORIZED FOR SURVIVOR OF**
12.13 **DECEASED EMPLOYEE.**

12.14 Subdivision 1. **Definitions.** For the purpose of this section, the following terms have
12.15 the meanings given:

12.16 (1) "executive director" means the executive director of the Minnesota State Retirement
12.17 System;

12.18 (2) "general plan" means the general state employees retirement plan of the Minnesota
12.19 State Retirement System;

12.20 (3) "service credit" means time credited as allowable service in the general plan under
12.21 Minnesota Statutes, section 352.01, subdivision 11; and

12.22 (4) "surviving spouse" means the surviving spouse of an eligible person described in
12.23 subdivision 3.

12.24 Subd. 2. **Purchase of service credit authorized.** Notwithstanding any state law to the
12.25 contrary, a surviving spouse may purchase service credit, as described under subdivision
12.26 4, on behalf of an eligible person. The surviving spouse may purchase only the amount of
12.27 service credit that is sufficient for the eligible person to be credited with a total of 60 months
12.28 of service credit.

12.29 Subd. 3. **Eligible person.** An eligible person is a person who:

12.30 (1) died in December 2020;

13.1 (2) was employed at or near the time of the person's death by the Minnesota Housing
13.2 Finance Agency; and

13.3 (3) is credited with no more than 59 months of service credit during the period from
13.4 February 1, 2016, to December 1, 2020.

13.5 Subd. 4. **Calculation of payment; payment.** (a) The executive director shall calculate
13.6 the amount of the purchase authorized under subdivision 2. The purchase amount is equal
13.7 to:

13.8 (1) 12.25 percent of the eligible person's final month of salary; and

13.9 (2) interest on the amount under clause (1) at the applicable annual rate or rates specified
13.10 in Minnesota Statutes, section 356.59, subdivision 2, compounded annually from January
13.11 1, 2021, to the date that payment is made.

13.12 (b) If the surviving spouse elects to pay the purchase amount under paragraph (a), the
13.13 purchase amount must be paid to the executive director in a lump sum within one year of
13.14 the effective date of this section.

13.15 Subd. 5. **Entitlement to annuity.** Upon payment under subdivision 4, the executive
13.16 director must credit the eligible person with the purchased service credit and the surviving
13.17 spouse is entitled to elect an annuity under Minnesota Statutes, section 352.12, subdivision
13.18 2, paragraph (a), (c), or (d), as applicable. If the surviving spouse elects to receive an annuity
13.19 under Minnesota Statutes, section 352.12, subdivision 2, paragraph (a) or (c), the surviving
13.20 spouse may elect a start date that is as early as January 1, 2021.

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

13.22 **ARTICLE 2**

13.23 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

13.24 Section 1. Minnesota Statutes 2021 Supplement, section 353.01, subdivision 2b, is amended
13.25 to read:

13.26 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
13.27 participate as members of the association with retirement coverage by the general employees
13.28 retirement plan, the local government correctional employees retirement plan under chapter
13.29 353E, or the public employees police and fire retirement plan:

13.30 (1) persons whose annual salary from one governmental subdivision never exceeds an
13.31 amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
13.32 employee or \$3,800 if the person is a school year employee. If annual compensation from

14.1 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
14.2 year or a school year, whichever applies, after being stipulated in advance not to exceed the
14.3 applicable amount, the stipulation is no longer valid and contributions must be made on
14.4 behalf of the employee under section 353.27, subdivision 12, from the first month in which
14.5 the employee received salary exceeding \$425 in a month;

14.6 (2) public officers who are elected to a governing body, city mayors, or persons who
14.7 are appointed to fill a vacancy in an elected office of a governing body, whose term of office
14.8 commences on or after July 1, 2002, for the service to be rendered in that elected position;

14.9 (3) election judges and persons employed solely to administer elections;

14.10 (4) patient and inmate personnel who perform services for a governmental subdivision;

14.11 (5) except as otherwise specified in subdivision 12a, employees who are employed solely
14.12 in a temporary position as defined under subdivision 12a, and employees who resign from
14.13 a nontemporary position and accept a temporary position within 30 days of that resignation
14.14 in the same governmental subdivision;

14.15 (6) employees who are employed by reason of work emergency caused by fire, flood,
14.16 storm, or similar disaster, but if the person becomes a probationary or provisional employee
14.17 within the same pay period, other than on a temporary basis, the person is a "public
14.18 employee" retroactively to the beginning of the pay period;

14.19 (7) employees who by virtue of their employment in one governmental subdivision are
14.20 required by law to be a member of and to contribute to any of the plans or funds administered
14.21 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.
14.22 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to
14.23 prevent a person from being a member of and contributing to the Public Employees
14.24 Retirement Association and also belonging to and contributing to another public pension
14.25 plan or fund for other service occurring during the same period of time, and a person who
14.26 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring
14.27 during the same period of time becomes a member of the association unless contributions
14.28 are made to another public retirement plan on the salary based on the other service or to the
14.29 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

14.30 (8) persons who are members of a religious order and are excluded from coverage under
14.31 the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance
14.32 of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if
14.33 no irrevocable election of coverage has been made under section 3121(r) of the Internal
14.34 Revenue Code of 1954, as amended;

15.1 (9) persons who are:

15.2 (i) employed by a governmental subdivision who have not reached the age of 23 and
15.3 who are enrolled on a full-time basis to attend or are attending classes on a full-time basis
15.4 at an accredited school, college, or university in an undergraduate, graduate, or
15.5 professional-technical program, or at a public or charter high school;

15.6 (ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist
15.7 interns and are serving in a degree or residency program in a public hospital or in a public
15.8 clinic; or

15.9 (iii) students who are serving for a period not to exceed five years in an internship or a
15.10 residency program that is sponsored by a governmental subdivision, including an accredited
15.11 educational institution;

15.12 (10) persons who hold a part-time adult supplementary technical college license who
15.13 render part-time teaching service in a technical college;

15.14 (11) for the first three years of employment, foreign citizens who are employed by a
15.15 governmental subdivision, except that the following foreign citizens must be considered
15.16 included employees under subdivision 2a:

15.17 (i) H-1B, H-1B1, and E-3 status holders;

15.18 (ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

15.19 (iii) employees legally authorized to work in the United States for three years or more;
15.20 and

15.21 (iv) employees otherwise required to participate under federal law;

15.22 (12) public hospital employees who elected not to participate as members of the
15.23 association before 1972 and who did not elect to participate from July 1, 1988, to October
15.24 1, 1988;

15.25 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
15.26 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
15.27 may still qualify as public employees under subdivision 2 and may be members of the Public
15.28 Employees Retirement Association and participants in the general employees retirement
15.29 plan or the public employees police and fire plan, whichever applies, on the basis of
15.30 compensation received from public employment service other than service as volunteer
15.31 ambulance service personnel;

16.1 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
16.2 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
16.3 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
16.4 and may be a member of the Public Employees Retirement Association and a participant
16.5 in the general employees retirement plan or the public employees police and fire plan,
16.6 whichever applies, on the basis of compensation received from public employment activities
16.7 other than those as a volunteer firefighter;

16.8 (15) employees in the building and construction trades, as follows:

16.9 (i) pipefitters and associated trades personnel employed by Independent School District
16.10 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
16.11 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
16.12 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
16.13 12;

16.14 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed
16.15 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage
16.16 under a collective bargaining agreement by the electrical workers local 110 pension plan,
16.17 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either
16.18 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be
16.19 excluded under Laws 2000, chapter 461, article 7, section 5;

16.20 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
16.21 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School
16.22 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
16.23 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633
16.24 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied
16.25 trades local 61 pension plan, or the plasterers local 265 pension plan who were either first
16.26 employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded
16.27 under Laws 2001, First Special Session chapter 10, article 10, section 6;

16.28 (iv) plumbers employed by the Metropolitan Airports Commission, with coverage under
16.29 a collective bargaining agreement by the plumbers local 34 pension plan, who were either
16.30 first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be
16.31 excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

16.32 (v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation
16.33 Board, with coverage under a collective bargaining agreement by the electrical workers
16.34 local 292 pension plan or the pipefitters local 539 pension plan, who were first employed

17.1 before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11,
17.2 section 5;

17.3 (vi) laborers and associated trades personnel employed by the city of St. Paul or
17.4 Independent School District No. 625, St. Paul, who are designated as temporary employees
17.5 with coverage under a collective bargaining agreement by a multiemployer plan as defined
17.6 in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018,
17.7 or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter
17.8 211, article 16, section 13; and

17.9 (vii) employees who are trades employees as defined in section 356.27, subdivision 1,
17.10 first hired on or after July 1, 2020, by the city of St. Paul or Independent School District
17.11 No. 625, St. Paul, except for any trades employee for whom contributions are made under
17.12 section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer
17.13 plan as defined in section 356.27, subdivision 1;

17.14 (16) employees who are hired after June 30, 2002, solely to fill seasonal positions under
17.15 subdivision 12b which are limited in duration by the employer to a period of six months or
17.16 less in each year of employment with the governmental subdivision;

17.17 (17) persons who are provided supported employment or work-study positions by a
17.18 governmental subdivision and who participate in an employment or industries program
17.19 maintained for the benefit of these persons where the governmental subdivision limits the
17.20 position's duration to up to five years, including persons participating in a federal or state
17.21 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
17.22 relief program where the training or work experience is not provided as a part of, or for,
17.23 future permanent public employment;

17.24 (18) independent contractors and the employees of independent contractors;

17.25 (19) reemployed annuitants of the association during the course of that reemployment;

17.26 (20) persons appointed to serve on a board or commission of a governmental subdivision
17.27 or an instrumentality thereof; ~~and~~

17.28 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
17.29 Transit Commission who are members of the International Brotherhood of Teamsters Local
17.30 638 and who are, by virtue of that employment, members of the International Brotherhood
17.31 of Teamsters Central States pension plan; and

18.1 (22) persons employed by the Duluth Transit Authority or any subdivision thereof, who
18.2 are members of the Teamsters General Local Union 346 and who are, by virtue of that
18.3 employment, members of the Central States Southeast and Southwest Areas Pension Fund.

18.4 (b) Any person performing the duties of a public officer in a position defined in
18.5 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
18.6 employee of an independent contractor.

18.7 **EFFECTIVE DATE.** This section is effective on the date the persons employed by the
18.8 Duluth Transit Authority or any subdivision thereof become public employees as defined
18.9 in Minnesota Statutes, section 353.01, subdivision 2.

18.10 Sec. 2. Minnesota Statutes 2020, section 353.34, is amended by adding a subdivision to
18.11 read:

18.12 Subd. 3c. **Segmented annuities.** (a) If a person who is entitled to an annuity has more
18.13 than one period of uninterrupted service, the person is entitled to augmentation under
18.14 subdivision 3, applied to each period of uninterrupted service. The average salary used to
18.15 calculate the annuity for each period of uninterrupted service must be applied as if the person
18.16 was a new employee at the beginning of each period of uninterrupted service. The actuarial
18.17 assumptions used to calculate the annuity must be those in effect on the effective date of
18.18 retirement.

18.19 (b) For the purpose of this subdivision, "uninterrupted service" means periods of covered
18.20 employment during which the person has not been separated from public service for more
18.21 than two years.

18.22 (c) If a person repays a refund, the restored service must be considered as continuous
18.23 with the next period of service for which the person has credit with the association.

18.24 (d) This subdivision applies to persons who become deferred annuitants on or after July
18.25 1, 1971. For a person who became a deferred annuitant before July 1, 1971, the paragraph
18.26 applies from July 1, 1971, if the former active member applies for an annuity after July 1,
18.27 1973.

18.28 (e) This subdivision must not reduce the annuity otherwise payable under this chapter.

18.29 **EFFECTIVE DATE.** This section is effective July 1, 2022.

18.30 Sec. 3. **RETROACTIVE IMPLEMENTATION.**

18.31 (a) For the purpose of this section, "eligible retiree" means a person:

19.1 (1) who began to receive a retirement annuity under Minnesota Statutes, chapter 353 or
19.2 353E, after June 30, 2018, and before the effective date;

19.3 (2) who at the time of the person's annuity start date would have been entitled to
19.4 augmentation for more than one period of uninterrupted service had section 2 been in effect
19.5 at the annuity start date; and

19.6 (3) for whom a retirement annuity calculated under section 2 is greater than the retirement
19.7 annuity to which the person was entitled on the annuity start date.

19.8 (b) Within 90 days following the effective date, the executive director of the Public
19.9 Employees Retirement Association must notify each eligible retiree of the monthly amount
19.10 of the annuity to which the eligible retiree would have been entitled had section 2 been in
19.11 effect at the eligible retiree's annuity start date. The notice must include the corresponding
19.12 monthly amounts payable under any optional forms of annuity to which the eligible retiree
19.13 was entitled at the annuity start date and is entitled on the date of the notice.

19.14 (c) For each eligible retiree, the executive director must adjust the ongoing annuity
19.15 amount so that it is the amount calculated under section 2, taking into account any election
19.16 of any optional annuity forms of payment and any postretirement increases.

19.17 (d) The executive director must offer a lump-sum distribution to the eligible retiree of
19.18 the difference between the monthly amount determined under section 2 and the monthly
19.19 amount being paid to the eligible retiree, multiplied by the number of monthly payments
19.20 made to the eligible retiree before the annuity calculated under section 2 begins. The lump
19.21 sum must be adjusted to take into account any election of any optional annuity forms of
19.22 payment and any postretirement increases. The eligible retiree may elect a distribution of
19.23 the lump sum or a direct rollover under Minnesota Statutes, section 356.635, subdivisions
19.24 3 to 7, if the lump sum is an eligible rollover distribution as defined in Minnesota Statutes,
19.25 section 356.635, subdivisions 4 and 5.

19.26 **EFFECTIVE DATE.** This section is effective July 1, 2022.

19.27 **Sec. 4. VESTING CREDIT FOR PAST SERVICE FOR CERTAIN EMPLOYEES**
19.28 **OF THE DULUTH TRANSIT AUTHORITY.**

19.29 Notwithstanding any state law to the contrary, an employee of the Duluth Transit
19.30 Authority or any subdivision thereof, who is not a member of the Teamsters General Local
19.31 Union 346, on the effective date must receive credit for all full and partial years of service
19.32 as an employee of ATE Management of Duluth, Inc. for the purpose of determining whether
19.33 the employee has satisfied the vesting requirement under section 353.01, subdivision 47.

20.1 All service as an employee of ATE Management of Duluth, Inc., must be considered as
20.2 allowable service in the general employees retirement plan for vesting purposes.

20.3 **EFFECTIVE DATE.** This section is effective on the date the persons employed by the
20.4 Duluth Transit Authority or any subdivision thereof become public employees as defined
20.5 in Minnesota Statutes, section 353.01, subdivision 2.

20.6 **ARTICLE 3**

20.7 **RETIRED TEACHER EARNINGS LIMITATIONS**

20.8 Section 1. **SUSPENSION OF EARNINGS LIMITATIONS FOR RETIRED**
20.9 **TEACHERS WHO RETURN TO WORK.**

20.10 Subdivision 1. **Reemployed teacher defined.** For the purposes of this section,
20.11 "reemployed teacher" means a person who retires under the provisions of Minnesota Statutes,
20.12 chapter 354 or 354A, and who subsequently resumes teaching for a public school of the
20.13 state, a charter school, or the Perpich Center for Arts Education. Reemployed teacher does
20.14 not include a person who resumes teaching for a postsecondary institution, including a state
20.15 college or university.

20.16 Subd. 2. **Three-year suspension of earnings limitation for teachers covered by TRA**
20.17 **and SPTRFA.** (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no
20.18 portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall
20.19 be deferred regardless of the amount of the salary earned from the teaching service during
20.20 the preceding fiscal year. This paragraph applies only to salary earned during fiscal years
20.21 2022, 2023, and 2024 and annuity payments made during calendar years 2023, 2024, and
20.22 2025.

20.23 (b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of
20.24 a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be
20.25 deferred or forfeited regardless of the amount of the salary earned from the teaching service
20.26 during the preceding calendar year. This subdivision applies only to salary earned during
20.27 calendar years 2022, 2023, and 2024 and annuity payments made during calendar years
20.28 2023, 2024, and 2025.

20.29 Subd. 3. **Expiration date.** This section expires effective January 1, 2026.

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

21.1 **ARTICLE 4**

21.2 **VOLUNTEER FIREFIGHTER RETIREMENT**

21.3 Section 1. Minnesota Statutes 2020, section 353G.01, subdivision 7, is amended to read:

21.4 Subd. 7. ~~Good time Service credit.~~ "Good time Service credit" means the length of
 21.5 service credit for an active firefighter that is reported by the applicable fire chief based on
 21.6 the minimum firefighter activity standards of the fire department. The credit may be reported
 21.7 on an annual or monthly basis.

21.8 **EFFECTIVE DATE.** This section is effective January 1, 2023.

21.9 Sec. 2. Minnesota Statutes 2020, section 353G.01, subdivision 9a, is amended to read:

21.10 Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief
 21.11 association established under chapter 424A, including a volunteer firefighter relief association
 21.12 to which records, assets, and liabilities related to lump-sum or monthly benefits for active
 21.13 and former firefighters will be transferred from the retirement fund upon satisfaction of the
 21.14 requirements of section 353G.17.

21.15 **EFFECTIVE DATE.** This section is effective January 1, 2023.

21.16 Sec. 3. Minnesota Statutes 2020, section 353G.05, subdivision 1, is amended to read:

21.17 Subdivision 1. **Entities eligible to request coverage.** (a) A relief association or a
 21.18 municipality or independent nonprofit firefighting corporation affiliated with a relief
 21.19 association may elect to have its volunteer firefighters covered by the lump-sum retirement
 21.20 division, if the volunteer firefighters for whom coverage is being requested are covered by
 21.21 a relief association that is a lump-sum defined benefit relief association or a defined
 21.22 contribution relief association governed by chapter 424A.

21.23 (b) A relief association or a municipality or independent nonprofit firefighting corporation
 21.24 affiliated with a relief association may elect to have its volunteer firefighters covered by
 21.25 the lump-sum retirement division or the monthly benefit retirement division of the retirement
 21.26 plan, if the volunteer firefighters for whom coverage is being requested are covered by a
 21.27 relief association that is a monthly benefit defined benefit relief association governed by
 21.28 chapter 424A.

21.29 ~~(b)~~ (c) A municipality or independent nonprofit firefighting corporation that is not
 21.30 affiliated with a relief association may elect to have its volunteer firefighters covered by
 21.31 the lump-sum retirement division of the retirement plan.

22.1 **EFFECTIVE DATE.** This section is effective January 1, 2023.

22.2 Sec. 4. Minnesota Statutes 2020, section 353G.05, is amended by adding a subdivision to
22.3 read:

22.4 Subd. 1a. **Requesting coverage.** (a) An entity that is eligible under subdivision 1 to
22.5 make a request for coverage may initiate the process of obtaining coverage by filing a request
22.6 with the executive director, as described in this subdivision.

22.7 (b) The request for coverage must be in writing and on a form prescribed by the executive
22.8 director.

22.9 (c) In the request for coverage, the entity must identify the desired service pension
22.10 amount and select a vesting schedule from the following options:

22.11 (1) incremental vesting beginning with 40 percent vested after completing five years of
22.12 active service and increasing by four percent upon completion of each additional year of
22.13 active service, until 100 percent vested upon completion of 20 years of active service;

22.14 (2) incremental vesting beginning with 40 percent vested after completing five years of
22.15 active service and increasing by 12 percent upon completion of each additional year of
22.16 active service, until 100 percent vested upon completion of 10 years of active service; or

22.17 (3) incremental vesting beginning with 40 percent vested after completing 10 years of
22.18 active service and increasing by six percent upon completion of each additional year of
22.19 active service, until 100 percent vested upon completion of 20 years of active service.

22.20 The entity must not select a vesting schedule that requires more years of service to
22.21 become partially or fully vested than the vesting schedule in effect under the former affiliated
22.22 relief association, if any.

22.23 (d) If the request for coverage is for volunteer firefighters covered by a monthly benefit
22.24 defined benefit relief association, the entity making the request must elect coverage either
22.25 by the monthly benefit retirement division or by the lump-sum retirement division.

22.26 (e) If the request for coverage is for volunteer firefighters covered by a relief association
22.27 that provides both a monthly benefit and a lump-sum benefit, the entity making the request
22.28 must elect coverage by the monthly benefit retirement division, the lump-sum retirement
22.29 division, or by both divisions.

22.30 (f) If the request for coverage is for volunteer firefighters covered by a relief association
22.31 with a retirement plan governed by chapter 424A, the secretary of the relief association,
22.32 following approval of the request by the board of the relief association, and the chief

23.1 administrative officer of the entity affiliated with the relief association, following approval
 23.2 of the request by the governing body of the entity, must jointly make the request. If the
 23.3 relief association is affiliated with more than one entity, the chief administrative officer of
 23.4 each affiliated entity must execute the request.

23.5 (g) If the request for coverage is for volunteer firefighters who are not covered by a
 23.6 relief association, the chief administrative officer of the entity operating the fire department
 23.7 must make the request.

23.8 **EFFECTIVE DATE.** This section is effective January 1, 2023.

23.9 Sec. 5. Minnesota Statutes 2020, section 353G.05, subdivision 2, is amended to read:

23.10 Subd. 2. ~~Election of coverage;~~ Cost analysis for coverage by the lump sum
 23.11 division. (a) ~~The process for electing coverage of volunteer firefighters by the lump-sum~~
 23.12 ~~retirement division is initiated by a request to the executive director for a cost analysis of~~
 23.13 ~~the prospective retirement coverage under the lump-sum retirement division. Upon receipt~~
 23.14 ~~of a request for coverage by the lump-sum division, the executive director must prepare a~~
 23.15 ~~cost analysis as described in this subdivision.~~

23.16 ~~(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter~~
 23.17 ~~relief association or a defined contribution volunteer firefighter relief association governed~~
 23.18 ~~by chapter 424A, the cost analysis of the prospective retirement coverage must be requested~~
 23.19 ~~jointly by the secretary of the volunteer firefighter relief association, following approval of~~
 23.20 ~~the request by the board of the volunteer firefighter relief association, and the chief~~
 23.21 ~~administrative officer of the entity associated with the relief association, following approval~~
 23.22 ~~of the request by the governing body of the entity associated with the relief association. If~~
 23.23 ~~the relief association is associated with more than one entity, the chief administrative officer~~
 23.24 ~~of each associated entity must execute the request. If the volunteer firefighters are not~~
 23.25 ~~currently covered by a volunteer firefighter relief association, the cost analysis of the~~
 23.26 ~~prospective retirement coverage must be requested by the chief administrative officer of~~
 23.27 ~~the entity operating the fire department. The request must be made in writing and must be~~
 23.28 ~~made on a form prescribed by the executive director.~~

23.29 ~~(e) (b) The cost analysis of the prospective retirement coverage by the lump-sum~~
 23.30 ~~retirement division of the statewide retirement plan under this subdivision must be based~~
 23.31 ~~on:~~

23.32 (1) the service pension amount under section 353G.11 closest to the service pension
 23.33 amount provided by the volunteer firefighter relief association if the relief association is a

24.1 lump-sum defined benefit plan, ~~or the~~ an amount that is equal to 95 percent of the most
 24.2 current average account balance per relief association member if the relief association is a
 24.3 defined contribution plan, or ~~to~~ the lowest service pension amount under section 353G.11
 24.4 if there is no ~~volunteer firefighter~~ relief association, rounded up; ~~and any other~~

24.5 (2) if different than the amount under clause (1), the service pension amount designated
 24.6 by the requester or requesters identified in the request under subdivision 1a.

24.7 (c) The cost analysis must take into account the vesting option selected in the request
 24.8 under subdivision 1a.

24.9 (d) The cost analysis must be prepared using a mathematical procedure certified as
 24.10 accurate by an approved actuary retained by the Public Employees Retirement Association.

24.11 ~~(d)~~ (e) If the request for coverage was made by a cost analysis is requested and a volunteer
 24.12 firefighters relief association exists that has filed the information required under section
 24.13 424A.014 in a timely fashion, upon request by the executive director, the state auditor shall
 24.14 provide the most recent data available on the financial condition of the ~~volunteer firefighter~~
 24.15 relief association, the most recent firefighter demographic data available, and a copy of the
 24.16 current relief association bylaws. If a cost analysis is requested, but no ~~volunteer firefighter~~
 24.17 relief association exists, the chief administrative officer of the entity operating the fire
 24.18 department shall provide the demographic information on the volunteer firefighters serving
 24.19 as members of the fire department requested by the executive director.

24.20 **EFFECTIVE DATE.** This section is effective January 1, 2023.

24.21 Sec. 6. Minnesota Statutes 2020, section 353G.05, subdivision 3, is amended to read:

24.22 Subd. 3. ~~**Election of coverage;**~~ **Cost analysis for coverage by the monthly benefit**
 24.23 **retirement division.** ~~(a) The process for electing coverage of volunteer firefighters by the~~
 24.24 ~~monthly retirement division is initiated by a request to the executive director for an actuarial~~
 24.25 ~~cost analysis of the prospective retirement coverage under the monthly benefit retirement~~
 24.26 ~~division. This request must be made by the secretary of the volunteer firefighter relief~~
 24.27 ~~association and the chief administrative officer of the entity associated with the relief~~
 24.28 ~~association, both of which must first obtain approval of the request from their respective~~
 24.29 ~~municipal governing body or independent nonprofit firefighting corporation. The request~~
 24.30 ~~must be made in writing and must be made on a form prescribed by the executive director.~~

24.31 ~~(b) Coverage by the monthly benefit retirement division may only be elected if the~~
 24.32 ~~volunteer firefighters are covered by a monthly benefit volunteer firefighter relief association~~
 24.33 ~~governed by chapter 424A.~~

25.1 ~~(e)~~ (a) Upon receipt of a request for coverage by the monthly benefit retirement division,
 25.2 the executive director must prepare a cost analysis as described in this subdivision.

25.3 (b) The cost analysis under ~~paragraph (a)~~ this subdivision must be prepared by the
 25.4 approved actuary retained by the Public Employees Retirement Association. The cost
 25.5 analysis must be based on:

25.6 (1) the monthly service pension amount and other retirement benefit types and amounts
 25.7 in effect for the ~~volunteer firefighter~~ relief association as of the date of the request ~~and any~~
 25.8 ~~other~~;

25.9 (2) if different than the amount ~~or amounts designated by the requesters, as disclosed~~
 25.10 under clause (1), the monthly pension amount identified in the request under subdivision
 25.11 1a and evaluated in a special actuarial valuation prepared under sections 356.215 and
 25.12 356.216; and

25.13 ~~(2)~~ (3) the standards for actuarial work; and the actuarial assumptions utilized in the
 25.14 most recent ~~prior~~ actuarial valuation, except that the applicable investment return actuarial
 25.15 assumption is six percent.

25.16 (c) The cost analysis must take into account the vesting option selected in the request
 25.17 under subdivision 1a.

25.18 (d) The secretary of the ~~volunteer firefighter~~ relief association making the request must
 25.19 supply the demographic and financial data necessary for the cost analysis to be prepared.

25.20 **EFFECTIVE DATE.** This section is effective January 1, 2023.

25.21 Sec. 7. Minnesota Statutes 2020, section 353G.09, subdivision 1, is amended to read:

25.22 Subdivision 1. **Entitlement.** ~~Except as provided in subdivision 3, An active~~ (a) A member
 25.23 of the retirement plan is entitled to a service pension from the retirement plan if the ~~person~~
 25.24 member:

25.25 (1) has separated from active service with the fire department for at least 30 days;

25.26 (2) has attained the age of at least 50 years;

25.27 (3) ~~has completed at least five years of good time service credit as a member of the~~
 25.28 ~~retirement plan if the person is a member of the lump-sum retirement division or has~~
 25.29 ~~completed at least the minimum number of years of good time service credit as a member~~
 25.30 ~~of the retirement plan specified in the retirement benefit plan document attributable to the~~
 25.31 ~~applicable fire department if the person is a member of the monthly benefit retirement~~
 25.32 ~~division~~ satisfied the minimum service requirement in paragraph (b); and

26.1 (4) applies in a manner prescribed by the executive director for the service pension.

26.2 (b) A member satisfies the minimum service requirement if the member meets at least
26.3 one of the following requirements:

26.4 (1) the member is at least 40 percent vested based on years of service as a member of
26.5 the retirement plan;

26.6 (2) the member is at least 40 percent vested based on years of service with the fire
26.7 department and the total number of years of service as a member of the former affiliated
26.8 relief association plus years of service as a member of the retirement plan is at least five;

26.9 or

26.10 (3) the member has completed at least the minimum number of years of service as a
26.11 member of the retirement plan specified in the retirement benefit plan document attributable
26.12 to the applicable fire department if the person is a member of the monthly benefit retirement
26.13 division.

26.14 **EFFECTIVE DATE.** This section is effective January 1, 2023.

26.15 Sec. 8. Minnesota Statutes 2020, section 353G.09, subdivision 2, is amended to read:

26.16 Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) ~~If~~ Except
26.17 as provided in paragraphs (c) and (d), an active member of the lump-sum retirement division
26.18 ~~has completed less than 20 years of good time service credit as a member of the lump-sum~~
26.19 ~~retirement division of the plan, the person's entitlement~~ is entitled to a service pension ~~is~~
26.20 equal to the nonforfeitable percentage of the applicable service pension amount, taking into
26.21 account years of service as a member of the retirement plan plus years of service as a member
26.22 of the former affiliated relief association, if any, as follows:

26.23	Completed years of good time service	Nonforfeitable percentage of the service
26.24	credit	pension
26.25	<u>less than 5</u>	<u>0 percent</u>
26.26	5	40 percent
26.27	6	44 percent
26.28	7	48 percent
26.29	8	52 percent
26.30	9	56 percent
26.31	10	60 percent
26.32	11	64 percent
26.33	12	68 percent
26.34	13	72 percent

27.1	14	76 percent
27.2	15	80 percent
27.3	16	84 percent
27.4	17	88 percent
27.5	18	92 percent
27.6	19	96 percent

27.7 (b) If an active member of the monthly benefit retirement division has completed less
 27.8 than 20 years of ~~good time~~ service credit as a member of the monthly benefit retirement
 27.9 division of the plan, the person's entitlement to a service pension must be governed by the
 27.10 retirement benefit plan document attributable to the applicable fire department.

27.11 (c) A person described in paragraph (d) is entitled to the vested portion of the service
 27.12 pension as determined by applying the vesting schedule selected in the request for coverage
 27.13 under section 353G.05, subdivision 1a, taking into account years of service as a member
 27.14 of the retirement plan plus years of service as a member of the former affiliated relief
 27.15 association, if any.

27.16 (d) A person is described in this paragraph if the person becomes a member of the
 27.17 lump-sum retirement division in connection with the transfer of coverage from a relief
 27.18 association to the retirement plan on or after January 1, 2023, or in connection with a
 27.19 municipality or independent nonprofit firefighting corporation joining the retirement plan
 27.20 on or after January 1, 2023.

27.21 **EFFECTIVE DATE.** This section is effective January 1, 2023.

27.22 Sec. 9. Minnesota Statutes 2021 Supplement, section 353G.11, subdivision 1, is amended
 27.23 to read:

27.24 Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as
 27.25 provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides
 27.26 the following levels of service pension amounts per full year of good time service credit to
 27.27 be selected at the election of coverage:

27.28 (1) a minimum service pension level of \$500 per year;

27.29 (2) a maximum service pension level equal to the ~~largest~~ largest maximum lump-sum service
 27.30 pension amount permitted under section 424A.02, ~~subdivision 2e~~ subdivision 3, as a
 27.31 ~~maximum lump-sum service pension amount~~ payable for each year of service; and

27.32 (3) service pension levels between the minimum level and the maximum level in \$100
 27.33 increments.

28.1 **EFFECTIVE DATE.** This section is effective January 1, 2023.

28.2 Sec. 10. Minnesota Statutes 2020, section 424A.003, is amended to read:

28.3 **424A.003 CERTIFICATION OF SERVICE CREDIT.**

28.4 (a) When a municipal fire department, a joint powers fire department, or an independent
28.5 nonprofit firefighting corporation is directly associated with the volunteer firefighters relief
28.6 association, the fire chief shall certify annually by March 31 the service credit for the
28.7 previous calendar year of each volunteer firefighter rendering active service with the fire
28.8 department.

28.9 (b) The certification shall be made to an officer of the relief association's board of trustees
28.10 and to the municipal clerk or clerk-treasurer of the largest municipality in population served
28.11 by the associated fire department.

28.12 (c) The fire chief shall notify each volunteer firefighter rendering active service with
28.13 the fire department of the amount of service credit rendered by the firefighter for the previous
28.14 calendar year. Upon request, the fire chief shall provide the firefighter with a written
28.15 explanation and documentation to support the determination of service credit. The service
28.16 credit notification and a description of the process and deadlines for the firefighter to
28.17 challenge the fire chief's determination of service credit must be provided to the firefighter
28.18 at least 21 days prior to its certification to the relief association and municipality. If the
28.19 service credit amount is challenged, the fire chief shall accept and consider any additional
28.20 pertinent information and shall make a final determination of service credit.

28.21 (d) The service credit certification must be expressed as the number of completed months
28.22 of the previous year during which an active volunteer firefighter rendered at least the
28.23 minimum level of duties as specified and required by the fire department under the rules,
28.24 regulations, and policies applicable to the fire department. No more than one year of service
28.25 credit may be certified for a calendar year.

28.26 (e) If a volunteer firefighter who is a member of the relief association leaves active
28.27 firefighting service to render active military service that is required to be governed by the
28.28 federal Uniformed Services Employment and Reemployment Rights Act, as amended, the
28.29 firefighter must be certified as providing service credit for the period of the military service,
28.30 up to the applicable limit of the federal Uniformed Services Employment and Reemployment
28.31 Rights Act. If the volunteer firefighter does not return from the military service in compliance
28.32 with the federal Uniformed Services Employment and Reemployment Rights Act, the service

29.1 credits applicable to that military service credit period are forfeited and canceled at the end
29.2 of the calendar year in which the time limit set by federal law occurs.

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

29.4 Sec. 11. Minnesota Statutes 2020, section 424A.015, subdivision 2, is amended to read:

29.5 Subd. 2. **No assignment or garnishment.** Except as provided in sections 424A.05,
29.6 518.58, 518.581, and 518A.53:

29.7 (1) a service pension or ancillary benefits paid or payable from the special fund of a
29.8 relief association to any person receiving or entitled to receive a service pension or ancillary
29.9 benefits is not subject to garnishment, judgment, execution, or other legal process, ~~except~~
29.10 as provided in section 518.58, 518.581, or 518A.53; and

29.11 (2) no person entitled to a service pension or ancillary benefits from the special fund of
29.12 a relief association may assign any service pension or ancillary benefit payments, and the
29.13 association does not have the authority to recognize any assignment or pay over any sum
29.14 which has been assigned.

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

29.16 Sec. 12. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3, is amended
29.17 to read:

29.18 Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph
29.19 (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in
29.20 its bylaws a service pension amount above the following maximum amounts:

29.21 (1) for a defined benefit relief association in which the governing bylaws provide for a
29.22 monthly benefit service pension as an alternative form of service pension payment to a
29.23 lump-sum service pension, the maximum monthly service pension amount for each pension
29.24 payment type must be determined using the applicable table contained in subdivision 2b or
29.25 2c; per month for each year of service credited is the lesser of \$100 or the maximum monthly
29.26 service pension amount that could be adopted by the relief association as a bylaws amendment
29.27 that satisfies section 424A.093, subdivision 6, paragraph (d); and

29.28 (2) for a defined benefit relief association in which the governing bylaws provide for a
29.29 lump-sum service pension, the maximum lump-sum service pension amount for each year
29.30 of service credited is the lesser of \$15,000 or the maximum lump-sum service pension
29.31 amount that could be adopted by the relief association as a bylaws amendment that satisfies
29.32 section 424A.092, subdivision 6, paragraph (e).

30.1 ~~(b) If a defined benefit relief association establishes a service pension in compliance~~
30.2 ~~with the applicable maximum contained in subdivision 2b or 2c and the minimum average~~
30.3 ~~amount of available financing per active covered firefighter is subsequently reduced because~~
30.4 ~~of a reduction in fire state aid or because of an increase in the number of active firefighters,~~
30.5 ~~the relief association may continue to provide the prior service pension amount specified~~
30.6 ~~in its bylaws, but may not increase the service pension amount until the minimum average~~
30.7 ~~amount of available financing per firefighter under the table in subdivision 2b or 2c,~~
30.8 ~~whichever applies, permits.~~

30.9 ~~(c) No defined benefit relief association is authorized to provide a service pension in an~~
30.10 ~~amount greater than the largest applicable flexible service pension maximum amount even~~
30.11 ~~if the amount of available financing per firefighter is greater than the financing amount~~
30.12 ~~associated with the largest applicable flexible service pension maximum.~~

30.13 (b) A defined benefit relief association may set in its bylaws a service pension amount
30.14 that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only
30.15 if the service pension amount has been ratified by the municipality.

30.16 (1) For a defined benefit relief association that pays a monthly service pension, the
30.17 maximum monthly service pension amount per month for each year of service credited is
30.18 \$100.

30.19 (2) For a defined benefit relief association that pays a lump-sum service pension, the
30.20 maximum lump-sum service pension amount for each year of service credited is \$15,000.

30.21 ~~(d)~~ (c) The method of calculating service pensions must be applied uniformly for all
30.22 years of active service. Credit must be given for all years of active service, unless the bylaws
30.23 of the relief association provide that service credit is not given for:

30.24 (1) years of active service in excess of caps on service credit; or

30.25 (2) years of active service earned by a former member who:

30.26 (i) has ceased duties as a volunteer firefighter with the fire department before becoming
30.27 vested under subdivision 2; and

30.28 (ii) has not resumed active service with the fire department and active membership in
30.29 the relief association for a period as defined in the relief association's bylaws, of not less
30.30 than five years.

30.31 (d) Nothing in this subdivision shall be construed to override or conflict with section
30.32 424A.092, subdivision 6, or section 424A.093, subdivision 6.

31.1 **EFFECTIVE DATE.** This section is effective January 1, 2023.

31.2 Sec. 13. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3a, is amended
31.3 to read:

31.4 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
31.5 defined benefit relief association pays a service pension greater than the applicable maximum
31.6 service pension associated with the applicable average amount of available financing per
31.7 active covered firefighter under the table in subdivision 2b or 2c, whichever applies, the
31.8 maximum service pension under subdivision 3, paragraph (b), or the applicable maximum
31.9 service pension amount specified in subdivision 3, paragraph (c), whichever is less, the state
31.10 auditor shall must notify the relief association that the service pension paid is greater than
31.11 the applicable maximum service pension and that the penalty under this subdivision will
31.12 be imposed, unless the relief association reduces the service pension amount to an amount
31.13 that is not greater than the applicable maximum service pension amount and recovers the
31.14 overpaid service pension. If the service pension amount is not reduced and the overpayment
31.15 is not recovered, the state auditor must:

31.16 (1) disqualify the municipality or the independent nonprofit firefighting corporation
31.17 associated with the relief association from receiving fire state aid by making the appropriate
31.18 notification to the municipality and the commissioner of revenue, with the disqualification
31.19 applicable for the next apportionment and payment of fire state aid; and

31.20 (2) order the treasurer of the applicable relief association to recover the amount of the
31.21 overpaid service pension or pensions from any retired firefighter who received an
31.22 overpayment.

31.23 (b) Fire state aid amounts from disqualified municipalities for the period of
31.24 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire
31.25 insurance premium tax proceeds available for the next subsequent fire state aid
31.26 apportionment.

31.27 (c) The amount of any overpaid service pension recovered under paragraph (a), clause
31.28 (2), must be credited to the amount of fire insurance premium tax proceeds available for
31.29 the next subsequent fire state aid apportionment.

31.30 (d) The determination of the state auditor that a relief association has paid a service
31.31 pension greater than the applicable maximum must be made on the basis of the information
31.32 filed by the relief association and the municipality with the state auditor under this chapter
31.33 and any other relevant information that comes to the attention of the state auditor. The

32.1 determination of the state auditor is final. An aggrieved municipality, relief association, or
32.2 person may appeal the determination under section 480A.06.

32.3 (e) The state auditor may certify, upon learning that a relief association overpaid a service
32.4 pension based on an error in the maximum service pension calculation, the municipality or
32.5 independent nonprofit firefighting corporation associated with the relief association for fire
32.6 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief
32.7 association has initiated recovery of any overpayment amount. Notwithstanding paragraph
32.8 (c), all overpayments recovered under this paragraph must be credited to the relief
32.9 association's special fund.

32.10 **EFFECTIVE DATE.** This section is effective January 1, 2023.

32.11 Sec. 14. Minnesota Statutes 2020, section 424A.05, subdivision 3, is amended to read:

32.12 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the
32.13 special fund may not be made for any purpose other than one of the following:

32.14 (1) for the payment of service pensions to retired members of the relief association if
32.15 authorized and paid under law and the bylaws governing the relief association;

32.16 (2) for the purchase of an annuity for the applicable person under section 424A.015,
32.17 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's
32.18 individual retirement account under section 424A.015, subdivision 4, or to the applicable
32.19 person's account in the Minnesota deferred compensation plan under section 424A.015,
32.20 subdivision 5;

32.21 (3) for the payment of temporary or permanent disability benefits to disabled members
32.22 of the relief association if authorized and paid under law and specified in amount in the
32.23 bylaws governing the relief association;

32.24 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate
32.25 of the deceased active or deferred firefighter, if authorized and paid under law and specified
32.26 in amount in the bylaws governing the relief association;

32.27 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
32.28 Department Association and to the Minnesota State Fire Chiefs Association in order to
32.29 entitle relief association members to membership in and the benefits of these associations
32.30 or organizations;

32.31 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
32.32 Association, or an insurance company licensed by the state of Minnesota offering casualty

33.1 insurance, in order to entitle relief association members to membership in and the benefits
33.2 of the association or organization; ~~and~~

33.3 (7) for the payment of administrative expenses of the relief association as authorized
33.4 under subdivision 3b-; and

33.5 (8) for the payment of a service pension to the former spouse of a member or former
33.6 member of a relief association, if the former spouse is an alternate payee designated in a
33.7 qualified domestic relations order under subdivision 5.

33.8 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
33.9 by this section must be signed by the relief association treasurer and at least one other elected
33.10 trustee who has been designated by the board of trustees to sign the checks or authorizations.
33.11 A relief association may make disbursements authorized by this subdivision by electronic
33.12 fund transfers only if the specific method of payment and internal control policies and
33.13 procedures regarding the method are approved by the board of trustees.

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

33.15 Sec. 15. Minnesota Statutes 2020, section 424A.05, is amended by adding a subdivision
33.16 to read:

33.17 Subd. 5. **Qualified domestic relations orders.** (a) A "qualified domestic relations order"
33.18 means a domestic relations order that creates or recognizes the existence of an alternate
33.19 payee's right to or assigns to an alternate payee the right to receive a service pension that is
33.20 all or any portion of the service pension payable with respect to a member or former member
33.21 of a relief association.

33.22 (b) An "alternate payee" means the former spouse of a member or former member of a
33.23 relief association, including a former spouse who is a distributee as defined in section
33.24 356.635, subdivision 7, clause (3).

33.25 (c) A relief association must comply with a qualified domestic relations order purporting
33.26 to assign all or a portion of a service pension accrued under the retirement plan of the relief
33.27 association, to the extent vested, if the payment or payments required by the order are within
33.28 the limits described in section 518.58, subdivision 4, paragraph (a), clauses (1) to (4). For
33.29 the purpose of applying section 518.58, subdivision 4, paragraph (a), "plan" or "pension
33.30 plan" as used in paragraph (a) means the articles or bylaws of the relief association and
33.31 chapter 424A, as applicable to the relief association.

33.32 (d) Notwithstanding any state law to the contrary, the bylaws of a relief association may
33.33 permit distribution to an alternate payee under a qualified domestic relations order:

34.1 (1) as early as administratively practicable after the order is received by the relief
34.2 association, even if the member whose service pension is being assigned to the alternate
34.3 payee under the order has not yet reached age 50 or separated from active service with the
34.4 fire department affiliated with the relief association; and

34.5 (2) in a lump sum, even if the relief association is a defined benefit relief association
34.6 that pays monthly service pensions under section 424A.093.

34.7 (e) If the service pension is an eligible rollover distribution as defined in section 356.635,
34.8 subdivisions 4 and 5, the relief association must permit the alternate payee to elect a direct
34.9 rollover, as provided under section 356.635, subdivisions 3 to 7.

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

34.11 Sec. 16. Minnesota Statutes 2021 Supplement, section 424A.091, subdivision 3, is amended
34.12 to read:

34.13 **Subd. 3. Remedy for noncompliance; determination.** (a) A municipality in which
34.14 there exists a firefighters relief association as specified in subdivision 1 which does not
34.15 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
34.16 of any applicable special law relating to the funding or financing of the association does
34.17 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under
34.18 chapter 477B until the reason for the disqualification specified by the state auditor is
34.19 remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled
34.20 to again receive fire state aid for the year occurring immediately subsequent to the year in
34.21 which the disqualification is remedied.

34.22 (b) The state auditor shall determine if a municipality to which a firefighters' relief
34.23 association is directly associated or a firefighters relief association fails to comply with the
34.24 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
34.25 applicable special law based upon the information contained in the annual financial report
34.26 of the firefighters relief association required under section 424A.014, the actuarial valuation
34.27 of the relief association, if applicable, the relief association officers' financial requirements
34.28 of the relief association and minimum municipal obligation determination documentation
34.29 under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094,
34.30 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
34.31 independent nonprofit firefighting corporation budget, if requested to be filed by the state
34.32 auditor, and any other relevant documents or reports obtained by the state auditor.

35.1 (c) The municipality or independent nonprofit firefighting corporation and the associated
35.2 relief association are not eligible to receive or to retain fire state aid if:

35.3 (1) the relief association fails to prepare or to file the financial report or financial
35.4 statement under section 424A.014;

35.5 (2) the relief association treasurer is not bonded in the manner and in the amount required
35.6 by section 424A.014, subdivision 4;

35.7 (3) the relief association officers fail to determine or improperly determine the accrued
35.8 liability and the annual accruing liability of the relief association under section 424A.092,
35.9 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

35.10 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
35.11 valuation or the officers file an actuarial valuation that does not contain the special fund
35.12 actuarial liability calculated under the entry age normal actuarial cost method, the special
35.13 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
35.14 normal cost under the entry age normal actuarial cost method, the amortization requirement
35.15 for the special fund unfunded actuarial accrued liability by the applicable target date, a
35.16 summary of the applicable benefit plan, a summary of the membership of the relief
35.17 association, a summary of the actuarial assumptions used in preparing the valuation, and a
35.18 signed statement by the actuary attesting to its results and certifying to the qualifications of
35.19 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

35.20 (5) the municipality failed to provide a municipal contribution, or the independent
35.21 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
35.22 equal to the minimum municipal obligation if the relief association is governed under section
35.23 424A.092, or the amount necessary, when added to the fire state aid actually received in
35.24 the plan year in question, to at least equal in total the calculated annual financial requirements
35.25 of the special fund of the relief association if the relief association is governed under section
35.26 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
35.27 failed to include the minimum municipal obligation certified under section 424A.092,
35.28 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
35.29 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
35.30 under section 424A.094, subdivision 2, in the corporate budget;

35.31 (6) the defined benefit relief association did not receive municipal ratification for the
35.32 most recent plan amendment when municipal ratification was required under section 424A.02,
35.33 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

36.1 (7) the relief association invested special fund assets in an investment security that is
36.2 not authorized under section 424A.095;

36.3 (8) the relief association had an administrative expense that is not authorized under
36.4 section 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that is not
36.5 authorized under section 424A.08;

36.6 (9) the relief association officers fail to provide a complete and accurate public pension
36.7 plan investment portfolio and performance disclosure under section 356.219;

36.8 (10) the relief association fails to obtain the acknowledgment from a broker of the
36.9 statement of investment restrictions under section 356A.06, subdivision 8b;

36.10 (11) the relief association officers permitted to occur a prohibited transaction under
36.11 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
36.12 of a prohibited transaction that did occur; or

36.13 (12) the relief association pays a defined benefit service pension in an amount that is in
36.14 excess of the applicable maximum service pension ~~maximum amount~~ under section 424A.02,
36.15 ~~subdivision 2b or 2e~~ subdivision 3.

36.16 **EFFECTIVE DATE.** This section is effective January 1, 2023.

36.17 Sec. 17. Minnesota Statutes 2020, section 424A.092, subdivision 6, is amended to read:

36.18 Subd. 6. **Municipal ratification for ~~plan~~ bylaws amendments.** (a) The board of trustees
36.19 of a relief association may adopt an amendment to the articles of incorporation or bylaws
36.20 that increases the coverage, service pensions, or retirement benefits provided by the relief
36.21 association only after preparing an estimate of the expected increase in the financial
36.22 requirements and the accrued liability resulting from the amendment.

36.23 (b) For purposes of this subdivision, "financial requirements" means the amount calculated
36.24 under subdivision 3, paragraph (c). "Accrued liability" means the amount calculated under
36.25 subdivision 2 or 2a, as applicable. "Estimate" means the estimate required in paragraph (a).

36.26 (c) If the special fund of the a relief association to which this section applies does not
36.27 have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the
36.28 municipality is required to provide financial support to the special fund of the relief
36.29 association under this section, the adoption of or any board of trustees of the relief association
36.30 may adopt an amendment to the articles of incorporation or bylaws of a relief association
36.31 which that increases or otherwise affects the retirement coverage provided by or the, service
36.32 pensions, or retirement benefits payable from the special fund of any provided by the relief

37.1 ~~association to which this section applies.~~ The amendment is not effective until it is ratified
 37.2 by the governing body of the affiliated municipality served by the fire department to which
 37.3 ~~the relief association is directly associated or by the independent nonprofit firefighting~~
 37.4 ~~corporation, as applicable, and.~~ The governing body may ratify such amendment only if the
 37.5 ~~officers of a relief association shall not seek municipal ratification prior to preparing and~~
 37.6 ~~certifying an estimate of the expected increase in the accrued liability and annual accruing~~
 37.7 ~~liability of the relief association attributable to the amendment~~ has delivered to the governing
 37.8 body the estimate described in paragraphs (a) and (b), certified by an officer of the relief
 37.9 association.

37.10 (d) If the special fund of the a relief association to which this section applies has a surplus
 37.11 over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is
 37.12 not required to provide financial support to the special fund ~~of the relief association~~ under
 37.13 this section, the relief association may adopt ~~or amend its~~ an amendment to the articles of
 37.14 incorporation or bylaws ~~which increase or otherwise affect~~ that increases the retirement
 37.15 coverage ~~provided by or the,~~ service pensions, or retirement benefits ~~payable from the~~
 37.16 ~~special fund of~~ provided by the relief association ~~which are.~~

37.17 (1) The amendment is effective if the municipality ratifies the amendment.

37.18 (2) The amendment is effective without municipal ratification so long as this does if the
 37.19 amendment satisfies paragraph (e).

37.20 (e) An amendment satisfies this paragraph if the estimate described in paragraphs (a)
 37.21 and (b) demonstrates that the amendment will not cause:

37.22 (1) the amount of the resulting increase in the accrued liability of the special fund of the
 37.23 ~~relief association~~ to exceed 90 percent of the amount of the surplus over full funding reported
 37.24 in the prior year; and ~~this does not result in~~

37.25 (2) the financial requirements of the special fund of the relief association exceeding to
 37.26 exceed the expected amount of the future fire state aid and police and firefighter retirement
 37.27 supplemental state aid to be received by the relief association ~~as determined by the board~~
 37.28 ~~of trustees following the preparation of an estimate of the expected increase in the accrued~~
 37.29 ~~liability and annual accruing liability of the relief association attributable to the change.~~

37.30 (f) If a relief association adopts or amends its the articles of incorporation or bylaws
 37.31 without municipal ratification under this subdivision, and, subsequent to the amendment ~~or~~
 37.32 ~~adoption,~~ the financial requirements of the special fund of the relief association under this
 37.33 section are such so as to require financial support from the municipality, the provision which
 37.34 was implemented without municipal ratification is no longer effective ~~without municipal~~

38.1 ~~ratification~~ and any service pensions or retirement benefits payable after that date may be
38.2 paid only in accordance with the articles of incorporation or bylaws as amended ~~or adopted~~
38.3 with municipal ratification.

38.4 **EFFECTIVE DATE.** This section is effective January 1, 2023.

38.5 Sec. 18. Minnesota Statutes 2021 Supplement, section 424A.093, subdivision 1, is amended
38.6 to read:

38.7 Subdivision 1. **Application.** (a) This section applies to any firefighters relief association
38.8 specified in section 424A.091, subdivision 1, which pays or allows for an option of a monthly
38.9 service pension to a retiring firefighter when at least the minimum requirements for
38.10 entitlement to a service pension specified in section 424A.02, any applicable special
38.11 legislation, and the articles of incorporation or bylaws of the relief association have been
38.12 met. Each firefighters relief association to which this section applies shall determine the
38.13 actuarial condition and funding costs of the special fund of the relief association in accordance
38.14 with subdivisions 2 and 3, the financial requirements of the special fund of the relief
38.15 association in accordance with subdivision 4, and the minimum obligation of the municipality
38.16 with respect to the special fund of the relief association in accordance with subdivision 5.

38.17 (b) If a firefighters relief association that previously provided a monthly benefit service
38.18 pension discontinues that practice and either replaces the monthly benefit amount with a
38.19 ~~lump-sum~~ lump-sum benefit amount consistent with section 424A.02, ~~subdivision 2e~~
38.20 subdivision 3, paragraph (a), clause (2), or purchases an annuity in the same amount as the
38.21 monthly benefit from an insurance company licensed to do business in this state, the actuarial
38.22 condition and funding costs, financial, and minimum municipal obligation requirements of
38.23 section 424A.092 apply rather than this section.

38.24 **EFFECTIVE DATE.** This section is effective January 1, 2023.

38.25 Sec. 19. Minnesota Statutes 2020, section 424A.093, subdivision 6, is amended to read:

38.26 Subd. 6. **Municipal ratification for plan bylaws amendments.** (a) The board of trustees
38.27 of a relief association may adopt an amendment to the articles of incorporation or bylaws
38.28 that increases the coverage, service pensions, or retirement benefits provided by the relief
38.29 association only after the board of trustees has had an updated actuarial valuation including
38.30 the proposed change or an estimate of the expected actuarial impact of the proposed change
38.31 prepared by the actuary of the relief association.

39.1 (b) If the special fund of the a relief association to which this section applies does not
 39.2 have a surplus over full funding under subdivision 4, and if the municipality is required to
 39.3 provide financial support to the special fund ~~of the relief association~~ under this section, the
 39.4 ~~adoption of or any~~ board of trustees of the relief association may adopt an amendment to
 39.5 the articles of incorporation or bylaws of a relief association which that increases or otherwise
 39.6 affects the retirement coverage provided by or the, service pensions, or retirement benefits
 39.7 payable from the special fund of any provided by the relief association ~~to which this section~~
 39.8 applies. The amendment is not effective until it is ratified by the governing body of the
 39.9 affiliated municipality served by the fire department to which the relief association is directly
 39.10 associated or by the independent nonprofit firefighting corporation, as applicable. The
 39.11 governing body may ratify such amendment only if the relief association has delivered to
 39.12 the governing body the actuarial valuation or estimate described in paragraph (a), certified
 39.13 by an officer of the relief association.

39.14 (c) If the special fund of the a relief association to which this section applies has a surplus
 39.15 over full funding under subdivision 4, and if the municipality is not required to provide
 39.16 financial support to the special fund ~~of the relief association~~ under this section, the relief
 39.17 association may adopt ~~or amend its~~ an amendment to the articles of incorporation or bylaws
 39.18 ~~which increase or otherwise affect~~ that increases the retirement coverage ~~provided by or~~
 39.19 ~~the,~~ service pensions, or retirement benefits ~~payable from the special fund of~~ provided by
 39.20 the relief association which are.

39.21 (1) The amendment is effective if the municipality ratifies the amendment.

39.22 (2) The amendment is effective without municipal ratification so long as this does if the
 39.23 amendment satisfies paragraph (d).

39.24 (d) An amendment satisfies this paragraph if the actuarial valuation or estimate described
 39.25 in paragraph (a) demonstrates that the amendment will not cause:

39.26 (1) the amount of the resulting increase in the accrued liability of the special fund of the
 39.27 relief association to exceed 90 percent of the amount of the surplus over full funding reported
 39.28 in the prior year; and this does not result in

39.29 (2) the financial requirements of the special fund of the relief association exceeding to
 39.30 exceed the expected amount of the future fire state aid and police and firefighter retirement
 39.31 supplemental state aid to be received by the relief association ~~as determined by the board~~
 39.32 ~~of trustees following the preparation of an updated actuarial valuation including the proposed~~
 39.33 ~~change or an estimate of the expected actuarial impact of the proposed change prepared by~~
 39.34 the actuary of the relief association.

40.1 (e) If a relief association ~~adopts or~~ amends its articles of incorporation or bylaws without
40.2 municipal ratification pursuant to this subdivision, and, subsequent to the amendment ~~or~~
40.3 ~~adoption~~, the financial requirements of the special fund of the relief association under this
40.4 section are such so as to require financial support from the municipality, the provision which
40.5 was implemented without municipal ratification is no longer effective ~~without municipal~~
40.6 ~~ratification~~ and any service pensions or retirement benefits payable after that date may be
40.7 paid only in accordance with the articles of incorporation or bylaws as amended ~~or adopted~~
40.8 with municipal ratification.

40.9 **EFFECTIVE DATE.** This section is effective January 1, 2023.

40.10 Sec. 20. Minnesota Statutes 2020, section 424A.095, is amended to read:

40.11 **424A.095 INVESTMENTS.**

40.12 **Subdivision 1. Authorized Investments.** (a) The special fund assets of a relief association
40.13 governed by sections 424A.091 to 424A.096 must be invested in securities that are authorized
40.14 investments under section 356A.06, subdivision 6 or 7, whichever applies.

40.15 (b) The governing board of the association may select and appoint a qualified private
40.16 firm to measure management performance and return on investment, and the firm must use
40.17 the formula or formulas developed by the state board under section 11A.04, clause (11).

40.18 **Subd. 2. Investment Report.** (a) Annually, the state auditor must provide an investment
40.19 report to each relief association that has complied with the reporting requirements under
40.20 section 356.219, subdivision 1 and 3. The investment report must contain the following
40.21 information:

40.22 (1) the relief association's average annual rates of return for at least the previous 1-year,
40.23 3-year, 5-year, 10-year, 15-year, and 20-year periods for which the state auditor has
40.24 investment information;

40.25 (2) the relief association's asset allocation;

40.26 (3) the average annual 1-year and 10-year benchmark rates of return;

40.27 (4) the average annual 1-year and 10-year rates of return for the statewide volunteer
40.28 firefighter plan;

40.29 (5) the 1-year and 10-year average annual rates of return for the State Board of Investment
40.30 supplemental investment fund; and

40.31 (6) a graphical comparison between:

41.1 (i) the relief association's average annual rates of return for the previous year and for
41.2 the previous multi-year periods provided under clause (1); and

41.3 (ii) the average annual rates of return for the same periods for the supplemental investment
41.4 fund's balanced fund or any successor fund.

41.5 (b) The state auditor shall select the benchmark rates of return based on the best practice
41.6 in the industry.

41.7 (c) The relief association's board of trustees must certify to the state auditor that the
41.8 board reviewed the investment report. The certification must accompany the audited financial
41.9 statements or detailed financial statement under section 424A.014, subdivision 1 or 2,
41.10 whichever applies. A copy of the report must be kept on file by the relief association and
41.11 must be available for inspection by any member of the public.

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

41.13 Sec. 21. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended
41.14 to read:

41.15 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer
41.16 firefighters relief association or by the statewide lump-sum volunteer firefighter plan of a
41.17 lump-sum distribution to a qualified recipient, the association or retirement plan, as
41.18 applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any
41.19 law to the contrary, the relief association must pay the supplemental benefit out of its special
41.20 fund and the statewide lump-sum volunteer firefighter plan must pay the supplemental
41.21 benefit out of the statewide lump-sum volunteer firefighter plan. This benefit is an amount
41.22 equal to ten percent of the regular lump-sum distribution that is paid on the basis of the
41.23 recipient's service as a volunteer firefighter. In no case may the amount of the supplemental
41.24 benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a
41.25 survivor of a deceased active or deferred volunteer firefighter in that capacity.

41.26 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
41.27 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased
41.28 deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a
41.29 supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
41.30 firefighter from the special fund of the relief association and the retirement plan must pay
41.31 a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
41.32 firefighter from the retirement fund if chapter 353G so provides. The amount of the
41.33 supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

42.1 (c) For purposes of this section, the term "regular lump-sum distribution" means the
42.2 pretax lump-sum distribution excluding any interest that may have been credited during a
42.3 volunteer firefighter's period of deferral.

42.4 (d) An individual may receive a supplemental benefit under paragraph (a) or under
42.5 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
42.6 firefighter benefit.

42.7 (e) If a qualified recipient receives more than one lump-sum distribution, the qualified
42.8 recipient is eligible to receive a supplemental benefit or supplemental survivor benefit,
42.9 whichever is applicable, with each lump-sum distribution. Each supplemental benefit shall
42.10 be calculated pursuant to paragraph (a) or (b), as applicable, and shall be subject to a separate
42.11 limit.

42.12 (f) Qualified recipients who elect to receive their lump-sum distribution in installments
42.13 under section 424A.016, subdivision 5, or 424A.02, subdivision 8, are eligible to receive
42.14 one supplemental benefit calculated on the total lump-sum distribution amount under
42.15 paragraph (a) or (b), as applicable.

42.16 **EFFECTIVE DATE.** This section is effective retroactively for supplemental benefits
42.17 paid in 2018 and thereafter.

42.18 Sec. 22. Minnesota Statutes 2021 Supplement, section 424B.10, subdivision 1b, is amended
42.19 to read:

42.20 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation of
42.21 two or more defined benefit relief associations must be a defined benefit relief association.

42.22 (b) Notwithstanding any provision of section 424A.02, ~~subdivisions 2a to 3~~ subdivision
42.23 3, to the contrary, the initial service pension amount of the subsequent defined benefit relief
42.24 association as of the effective date of consolidation is either the service pension amount
42.25 specified in clause (1) or the service pension amounts specified in clause (2), as provided
42.26 for in the consolidated relief association's articles of incorporation or bylaws:

42.27 (1) the highest dollar amount service pension amount of any prior volunteer firefighters
42.28 relief association in effect immediately before the consolidation initiation if the pension
42.29 amount was implemented consistent with section 424A.02; or

42.30 (2) for service rendered by each individual volunteer firefighter before consolidation,
42.31 the service pension amount under the consolidating volunteer firefighters relief association
42.32 that the firefighter belonged to immediately before the consolidation if the pension amount
42.33 was implemented consistent with section 424A.02 and for service rendered after the effective

43.1 date of the consolidation, the highest dollar amount service pension of any of the
43.2 consolidating volunteer firefighters relief associations in effect immediately before the
43.3 consolidation if the pension amount was implemented consistent with section 424A.02.

43.4 (c) Any increase in the service pension amount beyond the amount implemented under
43.5 paragraph (a) must conform with the requirements and limitations of section 424A.02 and
43.6 sections 424A.091 to 424A.095.

43.7 **EFFECTIVE DATE.** This section is effective January 1, 2023.

43.8 Sec. 23. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 4, is amended
43.9 to read:

43.10 Subd. 4. **Benefit increase.** (a) If the relief association has a surplus as of the end of the
43.11 relief association's most recent fiscal year before the conversion effective date, the board
43.12 of trustees may approve a resolution that increases the lump-sum benefit or monthly pension
43.13 amount or both the lump-sum and monthly pension amount, if the relief association offers
43.14 both, and amends the relief association bylaws without the consent of the affiliated
43.15 municipality or firefighting corporation, notwithstanding section 424A.02, subdivision 10.
43.16 The resulting lump-sum benefit or monthly pension amount is not limited to the maximum
43.17 lump-sum ~~benefit~~ service pension amount or maximum monthly service pension amount
43.18 amount under section 424A.02, ~~subdivisions 2a to 3~~ subdivision 3.

43.19 (b) The benefit increase must not cause the liabilities of the retirement plan to exceed
43.20 the value of the assets, after taking into account full vesting as required under subdivision
43.21 2 and any administrative expenses arising from the conversion.

43.22 (c) The board of trustees shall specify whether the benefit increase will apply only to
43.23 participants who are members active as of the conversion effective date or whether the
43.24 benefit increase will apply to all participants, including members who are not active as of
43.25 the conversion effective date, notwithstanding section 424A.015, subdivision 6.

43.26 (d) The board of trustees' resolution approving an increase in the benefit level must be
43.27 considered conditional on there being sufficient assets to fund the increase and must state
43.28 that if, as of the date benefits are transferred to the defined contribution plan, there are not
43.29 sufficient assets to cover all benefit liabilities at the new higher benefit level, the benefit
43.30 level will be reduced until assets equal or are greater than liabilities. The resolution must
43.31 state that the new lower benefit level will be considered approved by the board of trustees
43.32 without further action by the board.

43.33 **EFFECTIVE DATE.** This section is effective January 1, 2023.

44.1 Sec. 24. Minnesota Statutes 2021 Supplement, section 424B.22, subdivision 4, is amended
44.2 to read:

44.3 Subd. 4. **Benefit increase.** (a) Notwithstanding section 424A.02, subdivision 10, the
44.4 board of trustees of a relief association may increase the benefit amount under a defined
44.5 benefit relief association without the consent of the affiliated municipality or independent
44.6 nonprofit firefighting corporation, as provided in this subdivision.

44.7 (b) If the retirement plan being terminated is a defined benefit plan, the board of trustees
44.8 may approve an amendment to the bylaws of the relief association to increase the lump-sum
44.9 or monthly pension amount or both the ~~lump~~ lump-sum and monthly pension amount, if
44.10 the relief association offers both, up to 125 percent of the ~~largest~~ maximum lump-sum
44.11 service pension amount under section 424A.02, subdivision 3, paragraph (a), clause (2), or
44.12 the maximum monthly service pension amount payable per month in effect under section
44.13 424A.02, ~~subdivision 2b or 2c, respectively, without regard to the relief association's~~
44.14 ~~minimum average amount of available financing per firefighter~~ subdivision 3, paragraph
44.15 (a), clause (1). The amount by which the lump-sum or monthly pension amount is increased
44.16 must not cause the liabilities of the retirement plan to exceed the value of the assets, after
44.17 taking into account full vesting as required under subdivision 3 and any administrative
44.18 expenses.

44.19 (c) The board of trustees shall specify whether the benefit increase will apply to only
44.20 participants who are members active as of the date of the termination of the retirement plan
44.21 or whether the benefit increase will apply to all participants, including members who are
44.22 not active as of the plan termination date.

44.23 **EFFECTIVE DATE.** This section is effective January 1, 2023.

44.24 Sec. 25. **REVISOR INSTRUCTION.**

44.25 In Minnesota Statutes, chapter 353G, the revisor of statutes shall change the term "good
44.26 time service" to the term "service."

44.27 **EFFECTIVE DATE.** This section is effective January 1, 2023.

44.28 Sec. 26. **REPEALER.**

44.29 (a) Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, and 2c,
44.30 are repealed.

44.31 (b) Minnesota Statutes 2020, section 353G.09, subdivision 3, are repealed.

45.1 **EFFECTIVE DATE.** This section is effective January 1, 2023.

45.2 **ARTICLE 5**

45.3 **DISABILITY ASSESSMENTS BY ADVANCED PRACTICE REGISTERED NURSES**

45.4 Section 1. Minnesota Statutes 2020, section 352.01, is amended by adding a subdivision
45.5 to read:

45.6 Subd. 27. **APRN.** "APRN" means an individual licensed as an advanced practice
45.7 registered nurse by the board of nursing as defined in section 148.171, subdivision 3, who
45.8 provides services to a member or applicant that are within the scope of the APRN's
45.9 professional licensure.

45.10 Sec. 2. Minnesota Statutes 2020, section 352.113, subdivision 4, is amended to read:

45.11 Subd. 4. **Medical or psychological examinations; authorization for payment of**
45.12 **benefit.** (a) Any physician, psychologist, chiropractor, physician assistant, podiatrist, or
45.13 ~~nurse practitioner~~ APRN providing any service specified in this section must be licensed.

45.14 (b) An applicant shall provide a detailed report signed by a physician, and at least one
45.15 additional report signed by a physician, psychologist, chiropractor, physician assistant,
45.16 podiatrist, or ~~nurse practitioner~~ APRN with evidence to support an application for total and
45.17 permanent disability. The reports must include an expert opinion regarding whether the
45.18 employee is permanently and totally disabled within the meaning of section 352.01,
45.19 subdivision 17, and that the disability arose before the employee was placed on any paid or
45.20 unpaid leave of absence or terminated public service.

45.21 (c) If there is medical evidence that supports the expectation that at some point the person
45.22 applying for the disability benefit will no longer be disabled, the decision granting the
45.23 disability benefit may provide for a termination date upon which the total and permanent
45.24 disability can be expected to no longer exist. When a termination date is part of the decision
45.25 granting benefits, prior to the benefit termination the executive director shall review any
45.26 evidence provided by the disabled employee to show that the disabling condition for which
45.27 benefits were initially granted continues. If the benefits cease, the disabled employee may
45.28 follow the appeal procedures described in section 356.96 or may reapply for disability
45.29 benefits using the process described in this subdivision.

45.30 (d) Any claim to disability must be supported by a report from the employer indicating
45.31 that there is no available work that the employee can perform with the disabling condition
45.32 and that all reasonable accommodations have been considered. Upon request of the executive

46.1 director, an employer shall provide evidence of the steps the employer has taken to attempt
46.2 to provide reasonable accommodations and continued employment to the claimant.

46.3 (e) The director shall also obtain written certification from the employer stating whether
46.4 the employment has ceased or whether the employee is on sick leave of absence because
46.5 of a disability that will prevent further service to the employer and that the employee is not
46.6 entitled to compensation from the employer.

46.7 (f) The medical adviser shall consider the reports of the physician, psychologist,
46.8 chiropractor, physician assistant, podiatrist, or ~~nurse practitioner~~ APRN and any other
46.9 evidence supplied by the employee or other interested parties. If the medical adviser finds
46.10 the employee totally and permanently disabled, the adviser shall make appropriate
46.11 recommendation to the director in writing together with the date from which the employee
46.12 has been totally disabled. The director shall then determine if the disability occurred while
46.13 still in the employment of the state and constitutes a total and permanent disability as defined
46.14 in section 352.01, subdivision 17.

46.15 (g) A terminated employee may apply for a disability benefit within 18 months of
46.16 termination as long as the disability occurred while in the employment of the state. The fact
46.17 that an employee is placed on leave of absence without compensation because of disability
46.18 does not bar that employee from receiving a disability benefit.

46.19 (h) Upon appeal, the board of directors may extend the disability benefit application
46.20 deadline in paragraph (g) by an additional 18 months if the terminated employee is
46.21 determined by the board of directors to have a cognitive impairment that made it unlikely
46.22 that the terminated employee understood that there was an application deadline or that the
46.23 terminated employee was able to meet the application deadline.

46.24 (i) Unless the payment of a disability benefit has terminated because the employee is
46.25 no longer totally disabled, or because the employee has reached normal retirement age as
46.26 provided in this section, the disability benefit must cease with the last payment received by
46.27 the disabled employee or which had accrued during the lifetime of the employee unless
46.28 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
46.29 benefit for the calendar month in which the disabled employee died.

46.30 Sec. 3. Minnesota Statutes 2020, section 352.95, subdivision 4, is amended to read:

46.31 Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide medical,
46.32 chiropractic, or psychological evidence to support an application for disability benefits. The
46.33 director shall have the employee examined by at least one additional licensed physician,

47.1 APRN, chiropractor, or psychologist who is designated by the medical adviser. The
47.2 physicians, APRNs, chiropractors, or psychologists with respect to a mental impairment,
47.3 shall make written reports to the director concerning the question of the employee's disability,
47.4 including their expert opinions as to whether the employee has an occupational disability
47.5 within the meaning of section 352.01, subdivision 17a, and whether the employee has a
47.6 duty disability, physical or psychological, under section 352.01, subdivision 17b, or has a
47.7 regular disability, physical or psychological, under section 352.01, subdivision 17c. The
47.8 director shall also obtain written certification from the employer stating whether or not the
47.9 employee is on sick leave of absence because of a disability that will prevent further service
47.10 to the employer performing normal duties as defined in section 352.01, subdivision 17d, or
47.11 performing less frequent duties as defined in section 352.01, subdivision 17e, and as a
47.12 consequence, the employee is not entitled to compensation from the employer.

47.13 (b) If, on considering the reports by the physicians, APRNs, chiropractors, or
47.14 psychologists and any other evidence supplied by the employee or others, the medical
47.15 adviser finds that the employee has an occupational disability within the meaning of section
47.16 352.01, subdivision 17a, the ~~adviser~~ adviser shall make the appropriate recommendation
47.17 to the director, in writing, together with the date from which the employee has been disabled.
47.18 The director shall then determine the propriety of authorizing payment of a duty disability
47.19 benefit or a regular disability benefit as provided in this section.

47.20 (c) Unless the payment of a disability benefit has terminated because the employee no
47.21 longer has an occupational disability, or because the employee has reached either age 55
47.22 or the five-year anniversary of the effective date of the disability benefit, whichever is later,
47.23 the disability benefit must cease with the last payment which was received by the disabled
47.24 employee or which had accrued during the employee's lifetime. While disability benefits
47.25 are paid, the director has the right, at reasonable times, to require the disabled employee to
47.26 submit proof of the continuance of an occupational disability. If any examination indicates
47.27 to the medical adviser that the employee no longer has an occupational disability, the
47.28 disability payment must be discontinued upon the person's reinstatement to state service or
47.29 within 60 days of the finding, whichever is sooner.

47.30 Sec. 4. Minnesota Statutes 2020, section 352B.011, is amended by adding a subdivision
47.31 to read:

47.32 Subd. 3a. **APRN.** "APRN" means an individual licensed as an advanced practice
47.33 registered nurse by the board of nursing as defined in section 148.171, subdivision 3, who

48.1 provides services to a member or applicant that are within the scope of the APRN's
48.2 professional licensure.

48.3 Sec. 5. Minnesota Statutes 2020, section 352B.10, subdivision 4, is amended to read:

48.4 Subd. 4. **Proof of disability.** (a) No disability benefits may be paid unless the member
48.5 provides adequate proof is furnished to the executive director of the existence of the
48.6 disability.

48.7 (b) Adequate proof of a disability must include a written expert report by a licensed
48.8 physician, ~~by a~~ APRN, or licensed chiropractor, or with respect to a mental impairment, by
48.9 a licensed psychologist.

48.10 (c) Following the commencement of benefit payments, the executive director has the
48.11 right, at reasonable times, to require the ~~disability~~ disability benefit recipient to submit
48.12 proof of the continuance of the disability claimed.

48.13 Sec. 6. Minnesota Statutes 2020, section 353.01, is amended by adding a subdivision to
48.14 read:

48.15 Subd. 50. **APRN.** "APRN" means an individual licensed as an advanced practice
48.16 registered nurse by the board of nursing as defined in section 148.171, subdivision 3, who
48.17 provides services to a member or applicant that are within the scope of the APRN's
48.18 professional licensure.

48.19 Sec. 7. Minnesota Statutes 2020, section 353.031, subdivision 3, is amended to read:

48.20 Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a disability
48.21 benefit must be initiated in writing on an application form and in the manner prescribed by
48.22 the executive director and filed with the executive director. An application for disability
48.23 benefits must be made within 18 months following termination of public service as defined
48.24 under section 353.01, subdivision 11a.

48.25 (b) All medical reports must support a finding that the disability arose before the employee
48.26 was placed on any paid or unpaid leave of absence or terminated public service, as defined
48.27 under section 353.01, subdivision 11a.

48.28 (c) An applicant for disability shall provide a detailed report signed by a licensed medical
48.29 doctor and at least one additional report signed by a medical doctor, psychologist, APRN,
48.30 or chiropractor. The applicant shall authorize the release of all medical and health care

49.1 evidence, including all medical records and relevant information from any source, to support
49.2 the application for initial, or the continuing payment of, disability benefits.

49.3 (d) All reports must contain an opinion regarding the claimant's prognosis, the duration
49.4 of the disability, and the expectations for improvement. Any report that does not contain
49.5 and support a finding that the disability will last for at least one year may not be relied upon
49.6 to support eligibility for benefits.

49.7 (e) Where the medical evidence supports the expectation that at some point in time the
49.8 claimant will no longer be disabled, any decision granting disability may provide for a
49.9 termination date upon which disability can be expected to no longer exist. In the event a
49.10 termination date is made part of the decision granting benefits, prior to the actual termination
49.11 of benefits, the claimant shall have the opportunity to show that the disabling condition for
49.12 which benefits were initially granted continues. In the event the benefits terminate in
49.13 accordance with the original decision, the claimant may petition for a review by the board
49.14 of trustees under section 353.03, subdivision 3, or may reapply for disability in accordance
49.15 with these procedures and section 353.33, 353.656, or 353E.06, as applicable.

49.16 (f) Any claim to disability must be supported by a report from the employer indicating
49.17 that there is no available work that the employee can perform in the employee's disabled
49.18 condition and that all reasonable accommodations have been considered. Upon request of
49.19 the executive director, an employer shall provide evidence of the steps the employer has
49.20 taken to attempt to provide reasonable accommodations and continued employment to the
49.21 claimant. The employer shall also provide a certification of the member's past public service;
49.22 the dates of any paid sick leave, vacation, or any other employer-paid salary continuation
49.23 plan beyond the last working day; and whether or not any sick or annual leave has been
49.24 allowed.

49.25 (g) An employee who is placed on leave of absence without compensation because of
49.26 a disability is not barred from receiving a disability benefit.

49.27 (h) An applicant for disability benefits may file a retirement annuity application under
49.28 section 353.29, subdivision 4, simultaneously with an application for disability benefits. If
49.29 the application for disability benefits is approved, the retirement annuity application is
49.30 canceled. If disability benefits are denied, the retirement annuity application must be
49.31 processed upon the request of the applicant. No member of the public employees general
49.32 plan, the public employees police and fire plan, or the local government correctional service
49.33 retirement plan may receive a disability benefit and a retirement annuity simultaneously
49.34 from the same plan.

50.1 Sec. 8. Minnesota Statutes 2020, section 353.031, subdivision 8, is amended to read:

50.2 Subd. 8. **Proof of continuing disability.** (a) A disability benefit payment must not be
50.3 made except upon adequate proof furnished to the executive director of the association that
50.4 the person remains disabled.

50.5 (b) During the time when disability benefits are being paid, the executive director of the
50.6 association has the right, at reasonable times, to require the disabled member to submit
50.7 proof of the continuance of the disability claimed.

50.8 (c) Adequate proof of a disability must include a written expert report by a licensed
50.9 physician, a APRN, or licensed chiropractor, or, with respect to a mental impairment, a
50.10 licensed psychologist.

50.11 Sec. 9. Minnesota Statutes 2020, section 354.05, is amended by adding a subdivision to
50.12 read:

50.13 Subd. 43. **APRN.** "APRN" means an individual licensed as an advanced practice
50.14 registered nurse by the board of nursing as defined in section 148.171, subdivision 3, who
50.15 provides services to a member or applicant that are within the scope of the APRN's
50.16 professional licensure.

50.17 Sec. 10. Minnesota Statutes 2020, section 354.48, subdivision 4, is amended to read:

50.18 Subd. 4. **Determination by executive director.** (a) The executive director shall have
50.19 the member examined by at least two licensed physicians, licensed chiropractors, or licensed
50.20 psychologists.

50.21 (b) These physicians, chiropractors, APRNs, or psychologists with respect to a mental
50.22 impairment, shall make written reports to the executive director concerning the member's
50.23 disability, including expert opinions as to whether or not the member is permanently and
50.24 totally disabled within the meaning of section 354.05, subdivision 14.

50.25 (c) The executive director shall also obtain written certification from the last employer
50.26 stating whether or not the member was separated from service because of a disability which
50.27 would reasonably prevent further service to the employer and as a consequence the member
50.28 is not entitled to compensation from the employer.

50.29 (d) If, upon the consideration of the reports of the physicians, chiropractors, APRNs, or
50.30 psychologists and any other evidence presented by the member or by others interested
50.31 therein, the executive director finds that the member is totally and permanently disabled,
50.32 the executive director shall grant the member a disability benefit.

51.1 (e) An employee who is placed on leave of absence without compensation because of
51.2 disability is not barred from receiving a disability benefit.

51.3 Sec. 11. Minnesota Statutes 2020, section 354.48, subdivision 6, is amended to read:

51.4 Subd. 6. **Regular physical examinations.** At least once each year during the first five
51.5 years following the allowance of a disability benefit to any member, and at least once in
51.6 every three-year period thereafter, the executive director may require the disability benefit
51.7 recipient to undergo an expert examination by a physician or physicians, by a chiropractor
51.8 or chiropractors, by an APRN or APRNs, or by one or more psychologists with respect to
51.9 a mental impairment, engaged by the executive director. If an examination indicates that
51.10 the member is no longer permanently and totally disabled or that the member is engaged
51.11 or is able to engage in a substantial gainful occupation, payments of the disability benefit
51.12 by the association must be discontinued. The payments must be discontinued as soon as the
51.13 member is reinstated to the payroll following sick leave, but payment may not be made for
51.14 more than 60 days after the physicians, ~~the~~ chiropractors, APRNs, or ~~the~~ psychologists
51.15 engaged by the executive director find that the person is no longer permanently and totally
51.16 disabled.

51.17 Sec. 12. Minnesota Statutes 2020, section 354.48, subdivision 6a, is amended to read:

51.18 Subd. 6a. **Medical adviser; duties.** The executive director may contract with an
51.19 accredited independent organization specializing in disability determinations, licensed
51.20 physicians, or physicians on the staff of the commissioner of health as designated by the
51.21 commissioner, to be the medical adviser to the executive director. The medical adviser shall
51.22 designate licensed physicians, ~~licensed chiropractors, or licensed psychologists with respect~~
51.23 ~~to a mental impairment,~~ who shall examine applicants for disability benefits. The medical
51.24 adviser shall pass upon all expert reports based on any examinations performed in order to
51.25 determine whether a teacher is totally and permanently disabled as defined in section 354.05,
51.26 subdivision 14. The medical adviser shall also investigate all health and medical statements
51.27 and certificates by or on behalf of a teacher in connection with a disability benefit, and shall
51.28 report in writing to the director setting forth any conclusions and recommendations on all
51.29 matters referred to the medical adviser.

51.30 Sec. 13. Minnesota Statutes 2020, section 354A.011, is amended by adding a subdivision
51.31 to read:

51.32 Subd. 6a. **APRN.** "APRN" means an individual licensed as an advanced practice
51.33 registered nurse by the board of nursing as defined in section 148.171, subdivision 3, who

52.1 provides services to a member or applicant that are within the scope of the APRN's
 52.2 professional licensure.

52.3 Sec. 14. Minnesota Statutes 2020, section 354A.011, is amended by adding a subdivision
 52.4 to read:

52.5 Subd. 14b. **Medical expert.** "Medical expert," for purposes of section 354A.36, means
 52.6 a licensed physician, licensed chiropractor, APRN, or licensed psychologist, in each case
 52.7 working within the scope of the individual's professional licensure.

52.8 Sec. 15. Minnesota Statutes 2020, section 354A.36, subdivision 4, is amended to read:

52.9 Subd. 4. **Determination of disability.** (a) The board of the teachers retirement fund
 52.10 association shall make the final determination of the existence of a permanent and total
 52.11 disability. The board shall have the coordinated member examined by at least two ~~licensed~~
 52.12 ~~physicians, licensed chiropractors, or licensed psychologists who are selected by the board~~
 52.13 medical experts. After making ~~any a required examinations~~ examination, each ~~physician,~~
 52.14 ~~chiropractor, or psychologist with respect to a mental impairment,~~ medical expert shall
 52.15 make a written report to the board concerning the coordinated member, which shall include
 52.16 ~~a statement~~ an opinion of the medical expert ~~opinion of the physician, chiropractor, or~~
 52.17 ~~psychologist~~ as to whether or not the member is permanently and totally disabled within
 52.18 the meaning of section 354A.011, subdivision 14. The board shall also obtain a written
 52.19 statement from the employer as to whether or not the coordinated member was terminated
 52.20 or separated from active employment due to a disability which is deemed by the employer
 52.21 to reasonably prevent further service by the member to the employer and which caused the
 52.22 coordinated member not to be entitled to further compensation from the employer for services
 52.23 rendered by the member. If, after consideration of the reports of the ~~physicians, chiropractors,~~
 52.24 ~~or psychologists with respect to a mental impairment~~ medical experts and any medical
 52.25 advisor retained by the board under subdivision 4a, the employer statement, and any evidence
 52.26 presented by the member or by any other interested parties, the board determines that the
 52.27 coordinated member is totally and permanently disabled within the meaning of section
 52.28 354A.011, subdivision 14, ~~it~~ the board shall grant the coordinated member a disability
 52.29 benefit. A member who is placed on a leave of absence without compensation as a result
 52.30 of the disability is not barred from receiving a disability benefit under this section.

52.31 (b) The executive director shall reject an application for disability benefits under section
 52.32 354A.36 if the member is applying only because an employer-sponsored provider of private
 52.33 disability insurance benefits requires the application and the member would not have applied

53.1 for disability benefits in the absence of the requirement. The member shall submit a copy
 53.2 of the disability insurance policy that requires an application for disability benefits from
 53.3 the plan if the member wishes to assert that the application is only being submitted because
 53.4 of the disability insurance policy requirement.

53.5 Sec. 16. Minnesota Statutes 2020, section 354A.36, is amended by adding a subdivision
 53.6 to read:

53.7 Subd. 4a. **Medical advisor; duties.** The executive director may contract with an
 53.8 independent medical expert or an accredited organization specializing in disability
 53.9 determinations to serve as a medical advisor to the board. The medical advisor shall review
 53.10 all expert reports based on any examinations performed in order to determine whether a
 53.11 coordinated member is totally and permanently disabled as defined in section 354A.11,
 53.12 subdivision 14. The medical advisor shall also investigate all health and medical statements
 53.13 and certificates by or on behalf of a member in connection with a disability benefit and shall
 53.14 report in writing to the board, setting forth any conclusions and recommendations on all
 53.15 matters referred to the medical advisor. The board shall have sole discretion to select the
 53.16 appropriate licensed medical professional or organization to serve as the medical advisor.

53.17 Sec. 17. Minnesota Statutes 2020, section 354A.36, subdivision 6, is amended to read:

53.18 **Subd. 6. Requirement for regular physical examinations.** At least once each year
 53.19 during the first five years following the granting of a disability benefit to a coordinated
 53.20 member ~~by the board~~ and at least once in every three-year period thereafter, the board may
 53.21 require the disability benefit recipient to undergo an expert examination ~~as a condition for~~
 53.22 ~~continued entitlement of the benefit recipient to receive a disability benefit. If the board~~
 53.23 ~~requires an examination, the expert examination must be made at the place of residence of~~
 53.24 ~~the disability benefit recipient or at any other place mutually agreeable to the disability~~
 53.25 ~~benefit recipient and the board. The expert examination must be made by a physician or~~
 53.26 ~~physicians, by a chiropractor or chiropractors, or by one or more psychologists~~ medical
 53.27 expert engaged by the board, in its sole discretion. The ~~physician or physicians, the~~
 53.28 ~~chiropractor or chiropractors, or the psychologist or psychologists with respect to a mental~~
 53.29 ~~impairment,~~ medical expert conducting the ~~expert~~ examination shall make a written report
 53.30 to the board concerning the disability benefit recipient and the recipient's disability, including
 53.31 a statement of the ~~expert~~ medical expert's opinion ~~of the physician, chiropractor, or~~
 53.32 ~~psychologist~~ as to whether or not the member remains permanently and totally disabled
 53.33 within the meaning of section 354A.011, subdivision 14. If the board determines from
 53.34 consideration of the ~~written expert examination~~ medical expert's report ~~of the physician, of~~

54.1 ~~the chiropractor, or of the psychologist, with respect to a mental impairment,~~ that the
 54.2 disability benefit recipient is no longer permanently and totally disabled or ~~if the board~~
 54.3 ~~determines~~ that the benefit recipient is engaged or is able to engage in a gainful occupation,
 54.4 unless the disability benefit recipient is partially employed under subdivision 7, then further
 54.5 disability benefit payments from the fund must be discontinued within 60 days of the
 54.6 determination by the board. The discontinuation of disability benefits must occur immediately
 54.7 if the disability recipient is reinstated to the district payroll following sick leave ~~and within~~
 54.8 ~~60 days of the determination by the board following the expert examination and report of~~
 54.9 ~~the physician or physicians, chiropractor or chiropractors, or psychologist or psychologists~~
 54.10 ~~engaged by the board that the disability benefit recipient is no longer permanently and totally~~
 54.11 ~~disabled within the meaning of section 354A.011, subdivision 14.~~

54.12 Sec. 18. EFFECTIVE DATE.

54.13 Sections 1 to 17 are effective the day following final enactment.

54.14 ARTICLE 6

54.15 STATE BOARD OF INVESTMENT

54.16 Section 1. Minnesota Statutes 2020, section 11A.04, is amended to read:

54.17 **11A.04 DUTIES AND POWERS; APPROPRIATION.**

54.18 The state board shall:

54.19 (1) Act as trustees for each fund for which it invests or manages money in accordance
 54.20 with the standard of care set forth in section 11A.09 if state assets are involved and in
 54.21 accordance with chapter 356A if pension assets are involved.

54.22 (2) Formulate policies and procedures deemed necessary and appropriate to carry out
 54.23 its functions. Procedures adopted by the board must allow fund beneficiaries and members
 54.24 of the public to become informed of proposed board actions. Procedures and policies of the
 54.25 board are not subject to the Administrative Procedure Act.

54.26 (3) Employ an executive director as provided in section 11A.07.

54.27 (4) Employ investment advisors and consultants as it deems necessary.

54.28 (5) Prescribe policies concerning personal investments of all employees of the board to
 54.29 prevent conflicts of interest.

54.30 (6) Maintain a record of its proceedings.

55.1 (7) As it deems necessary, establish advisory committees subject to section 15.059 to
55.2 assist the board in carrying out its duties.

55.3 (8) Not permit state funds to be used for the underwriting or direct purchase of municipal
55.4 securities from the issuer or the issuer's agent.

55.5 (9) Direct the commissioner of management and budget to sell property other than money
55.6 that has escheated to the state when the board determines that sale of the property is in the
55.7 best interest of the state. Escheated property must be sold to the highest bidder in the manner
55.8 and upon terms and conditions prescribed by the board.

55.9 (10) Undertake any other activities necessary to implement the duties and powers set
55.10 forth in this section.

55.11 (11) Establish a formula or formulas to measure management performance and return
55.12 on investment. Public pension funds in the state shall utilize the formula or formulas
55.13 developed by the state board.

55.14 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the state
55.15 of Minnesota, employ, at its discretion, qualified private firms to invest and manage the
55.16 assets of funds over which the state board has investment management responsibility. There
55.17 is annually appropriated to the state board, from the assets of the funds for which the state
55.18 board utilizes a private investment manager, sums sufficient to pay the costs of employing
55.19 private firms. Each year, by January 15, the board shall report to the governor and legislature
55.20 on the cost and the investment performance of each investment manager employed by the
55.21 board.

55.22 (13) Adopt an investment policy statement that includes investment objectives, asset
55.23 allocation, and the investment management structure for the retirement fund assets under
55.24 its control. The statement may be revised at the discretion of the state board. The state board
55.25 shall seek the advice of the council regarding its investment policy statement. Adoption of
55.26 the statement is not subject to chapter 14.

55.27 (14) Adopt a compensation plan setting the terms and conditions of employment for
55.28 unclassified employees of the state board ~~employees who are not covered by a collective~~
55.29 ~~bargaining agreement~~ pursuant to section 43A.18, subdivision 3b.

55.30 (15) Contract, as necessary, with the board of trustees of the Minnesota State Universities
55.31 and Colleges System for the provision of investment review and selection services under
55.32 section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

56.1 There is annually appropriated to the state board, from the assets of the funds for which
56.2 the state board provides investment services, sums sufficient to pay the costs of all necessary
56.3 expenses for the administration of the board. These sums will be deposited in the State
56.4 Board of Investment operating account, which must be established by the commissioner of
56.5 management and budget.

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

56.7 Sec. 2. Minnesota Statutes 2020, section 11A.07, subdivision 4, is amended to read:

56.8 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

56.9 (1) plan, direct, coordinate, and execute administrative and investment functions in
56.10 conformity with the policies and directives of the state board and the requirements of this
56.11 chapter and of chapter 356A;

56.12 (2) prepare and submit biennial and annual budgets to the board and with the approval
56.13 of the board submit the budgets to the Department of Management and Budget;

56.14 (3) employ professional and clerical staff as necessary. ~~Employees whose primary~~
56.15 ~~responsibility is to invest or manage money or employees who hold positions designated~~
56.16 ~~as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the~~
56.17 ~~state. Other employees are in the classified service. Unclassified employees who are not~~
56.18 ~~covered by a collective bargaining agreement are employed under the terms and conditions~~
56.19 ~~of the compensation plan approved under section 43A.18, subdivision 3b;~~

56.20 (4) report to the state board on all operations under the director's control and supervision;

56.21 (5) maintain accurate and complete records of securities transactions and official
56.22 activities;

56.23 (6) establish a policy, which is subject to state board approval, relating to the purchase
56.24 and sale of securities on the basis of competitive offerings or bids. ~~The policy is subject to~~
56.25 ~~board approval;~~

56.26 (7) cause securities acquired to be kept in the custody of the commissioner of management
56.27 and budget or other depositories consistent with chapter 356A, as the state board deems
56.28 appropriate;

56.29 (8) prepare and file with the director of the Legislative Reference Library, by December
56.30 31 of each year, a report summarizing the activities of the state board, the council, and the
56.31 director during the preceding fiscal year. ~~The report must be prepared so as to provide the~~
56.32 ~~legislature and the people of the state with a clear, comprehensive summary of the portfolio~~

57.1 ~~composition, the transactions, the total annual rate of return, and the yield to the state treasury~~
 57.2 ~~and to each of the funds whose assets are invested by the state board, and the recipients of~~
 57.3 ~~business placed or commissions allocated among the various commercial banks, investment~~
 57.4 ~~bankers, money managers, and brokerage organizations and the amount of these commissions~~
 57.5 ~~or other fees. The report must include an executive summary;~~

57.6 (9) include on the state board's website its annual report and an executive summary of
 57.7 its quarterly reports;

57.8 (10) require state officials from any department or agency to produce and provide access
 57.9 to any financial documents the state board deems necessary in the conduct of its investment
 57.10 activities;

57.11 (11) receive and expend legislative appropriations; and

57.12 (12) undertake any other activities necessary to implement the duties and powers set
 57.13 forth in this subdivision consistent with chapter 356A.

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

57.15 Sec. 3. Minnesota Statutes 2020, section 11A.07, is amended by adding a subdivision to
 57.16 read:

57.17 **Subd. 4a. Classification of state board employees.** (a) Employees of the state board
 57.18 who are in the unclassified service of the state are employed under the terms and conditions
 57.19 of the compensation plan approved under section 43A.18, subdivision 3b. The following
 57.20 state board employees are in the unclassified service of the state:

57.21 (1) professional employees who, in the determination of the director, are primarily
 57.22 responsible for managing or administering the investment portfolio, including but not limited
 57.23 to investment diligence and analysis, investment risk mitigation, and implementing
 57.24 investment strategy; and

57.25 (2) employees who hold positions designated as unclassified under section 43A.08,
 57.26 subdivision 1a.

57.27 (b) Employees of the state board who are not in the unclassified service under paragraph
 57.28 (a) are in the classified service of the state.

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

58.1 Sec. 4. Minnesota Statutes 2020, section 11A.07, is amended by adding a subdivision to
58.2 read:

58.3 Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must
58.4 include an executive summary and must be prepared so as to provide the legislature and the
58.5 people of the state with:

58.6 (1) a clear, comprehensive summary of the portfolio composition, the transactions, the
58.7 total annual rate of return, and the yield to the state treasury and to each of the funds with
58.8 assets invested by the state board; and

58.9 (2) the recipients of business placed or commissions allocated among the various
58.10 commercial banks, investment bankers, money managers, and brokerage organizations and
58.11 the amount of these commissions or other fees.

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

58.13 Sec. 5. Minnesota Statutes 2020, section 43A.18, subdivision 3b, is amended to read:

58.14 Subd. 3b. **State Board of Investment plan.** Total compensation for unclassified positions
58.15 ~~not covered by a collective bargaining agreement~~ under section 11A.04, clause (14), in the
58.16 State Board of Investment must be determined by the State Board of Investment. Before
58.17 submitting a compensation plan to the legislature and the Legislative Coordinating
58.18 Commission, the State Board of Investment must submit the plan to the commissioner of
58.19 management and budget for review and comment. The commissioner must complete the
58.20 review within 14 days of its receipt. Compensation plans established under this subdivision
58.21 must be approved by the legislature and the Legislative Coordinating Commission under
58.22 section 3.855, before becoming effective.

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

58.24 Sec. 6. Minnesota Statutes 2020, section 179A.10, subdivision 1, is amended to read:

58.25 Subdivision 1. **Exclusions.** The commissioner of management and budget shall meet
58.26 and negotiate with the exclusive representative of each of the units specified in this section,
58.27 except as provided in section 43A.06, subdivision 1, paragraph (c). The units provided in
58.28 this section are the only appropriate units for executive branch state employees. The following
58.29 employees shall be excluded from any appropriate unit:

58.30 (1) the positions and classes of positions in the classified and unclassified services defined
58.31 as managerial by the commissioner of management and budget in accordance with section
58.32 43A.18, subdivision 3, and so designated in the official state compensation schedules;

59.1 (2) unclassified positions in the Minnesota State Colleges and Universities defined as
59.2 managerial by the Board of Trustees;

59.3 (3) positions of all unclassified employees appointed by a constitutional officer;

59.4 (4) positions in the Bureau of Mediation Services and the Public Employment Relations
59.5 Board;

59.6 (5) positions of employees whose classification is pilot or chief pilot;

59.7 (6) administrative law judge and compensation judge positions in the Office of
59.8 Administrative Hearings; ~~and~~

59.9 (7) positions of all confidential employees; and

59.10 (8) positions of employees of the State Board of Investment who are employed under
59.11 the terms and conditions of the compensation plan approved under section 43A.18,
59.12 subdivision 3b.

59.13 The governor may upon the unanimous written request of exclusive representatives of
59.14 units and the commissioner direct that negotiations be conducted for one or more units in
59.15 a common proceeding or that supplemental negotiations be conducted for portions of a unit
59.16 or units defined on the basis of appointing authority or geography.

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

59.18 **ARTICLE 7**

59.19 **STUDY OF ADEQUACY OF POLICE DISABILITY BENEFITS**

59.20 Section 1. **DEPARTMENT OF LABOR AND INDUSTRY; STUDY OF ADEQUACY**
59.21 **OF POLICE DISABILITY BENEFITS.**

59.22 The Department of Labor and Industry shall study the adequacy of current benefits
59.23 available to disabled or injured police officers. The study shall consider workers'
59.24 compensation, disability, and pension benefits and the adequacy of these benefits for
59.25 Minnesota police officers. At least one public hearing shall be held. The Public Employees
59.26 Retirement Association shall cooperate with the department in conducting this study. The
59.27 department shall issue a report no later than January 15, 2023, to the chairs of the standing
59.28 committees of the house of representatives and the senate having jurisdiction over public
59.29 safety and employment issues and to the chair of the Legislative Commission on Pensions
59.30 and Retirement.

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

ARTICLE 8**TECHNICAL CLARIFICATIONS AND CORRECTIONS**

Section 1. Minnesota Statutes 2020, section 352.87, subdivision 6, is amended to read:

Subd. 6. **Disability benefit coordination.** If the eligible employee is entitled to receive a disability benefit as provided in subdivision 4 or 5 and has allowable service credit under this section for less service than the length of service upon which the disability benefit in subdivision 4 or 5 is based, and also has allowable service in the general plan not includable in this section, the employee is entitled to a disability benefit or deferred retirement annuity based on the general plan service not includable in this section only for the service that, when combined with the service includable in this section, exceeds the number of years on which the disability benefit provided in subdivision 4 or 5 is based. The benefit recipient under subdivision 4 or 5 who also has credit for regular plan service must in all respects qualify under section 352.113 to be entitled to receive a disability benefit based on the general plan service not includable in this section, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee may be entitled based on general plan service not includable in this section must be augmented as provided in ~~section 352.72, subdivision 2~~ section 352.22, subdivision 3a, while the employee is receiving a disability benefit under this section.

Sec. 2. Minnesota Statutes 2020, section 352.94, is amended to read:

352.94 AUGMENTATION FOR EMPLOYEES WITH GENERAL AND CORRECTIONAL SERVICE.

An employee who becomes covered by the correctional plan after serving as a general plan covered employee, or becomes covered by the general plan after serving as a correctional plan covered employee, is covered under section ~~352.72, subdivision 2~~ 356.311.

Sec. 3. Minnesota Statutes 2020, section 352.95, subdivision 6, is amended to read:

Subd. 6. **Disability benefit for certain employees with regular plan service.** If the employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has credit for less covered correctional service than the length of service upon which the correctional disability benefit is based, and also has credit for regular plan service, the employee is entitled to a disability benefit or deferred retirement annuity based on the regular plan service only for that service which when combined with the correctional service exceeds number of years on which the correctional disability benefit is based. The disabled employee who also has credit for regular plan service must in all respects qualify under section 352.113

61.1 for a disability benefit based on the regular plan service, except that the service may be
61.2 combined to satisfy length of service requirements. Any deferred annuity to which the
61.3 employee is entitled based on regular plan service must be augmented as provided in section
61.4 ~~352.72~~ 352.22, subdivision 3a, while the employee is receiving a disability benefit under
61.5 this section.

61.6 Sec. 4. Minnesota Statutes 2020, section 352B.05, is amended to read:

61.7 **352B.05 INVESTMENTS.**

61.8 The State Board of Investment may invest and reinvest any portions of the State Patrol
61.9 retirement fund not needed for immediate purposes. The executive director of the Minnesota
61.10 State Retirement System shall determine what funds may be invested. Money may be
61.11 invested in securities authorized as legal investments for the Minnesota State Retirement
61.12 System. The state board may sell, convey, and exchange securities and invest and reinvest
61.13 the funds when it deems it desirable to do so. The state board shall sell securities upon
61.14 request from the executive director when the executive director determines funds are needed
61.15 for its purposes. Provisions regarding accounting procedures and restrictions and conditions
61.16 for the purchase and sale of securities for the Minnesota State Retirement System apply to
61.17 the accounting, purchase, and sale of securities for the State Patrol retirement fund.

61.18 Sec. 5. Minnesota Statutes 2020, section 353.031, subdivision 7, is amended to read:

61.19 Subd. 7. **Refusal of examination or medical evidence.** If a person applying for or
61.20 receiving a disability benefit refuses to submit to a medical examination under subdivision
61.21 6, or fails to provide or to authorize the release of medical evidence under subdivision 3 or
61.22 8, the association shall cease the application process or shall discontinue the payment of a
61.23 disability benefit, whichever is applicable. Upon the receipt of the requested medical
61.24 evidence, the association shall resume the application process or the payment of a disability
61.25 benefit upon approval for the continuation, whichever is applicable.

61.26 Sec. 6. Minnesota Statutes 2020, section 353.32, subdivision 1a, is amended to read:

61.27 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who
61.28 is vested under section 353.01, subdivision 47, and who dies before the annuity or disability
61.29 benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2,
61.30 notwithstanding any designation of beneficiary to the contrary, the surviving spouse may
61.31 elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse
61.32 benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint

62.1 and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5,
62.2 whichever is applicable.

62.3 (b) If a member first became a public employee or a member of a pension fund listed in
62.4 section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of
62.5 allowable service on the date of death, the surviving spouse may elect to receive a 100
62.6 percent joint and survivor annuity computed using section 353.30, subdivision 1b, except
62.7 that the early retirement reduction under that provision will be applied from age 62 back to
62.8 age 55 and one-half of the early retirement reduction from age 55 back to the age payment
62.9 begins.

62.10 (c) If a member who was under age 55 and who is vested under section 353.01,
62.11 subdivision 47, dies, but did not qualify for retirement on the date of death, the surviving
62.12 spouse may elect to receive a 100 percent joint and survivor annuity computed using section
62.13 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified
62.14 in the applicable subdivision will be applied to age 55 and one-half of the early retirement
62.15 reduction from age 55 back to the age payment begins.

62.16 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
62.17 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
62.18 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
62.19 with the association. If there is no surviving spouse or child or children, a former spouse
62.20 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
62.21 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
62.22 the terms of a marriage dissolution decree filed with the association.

62.23 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may
62.24 apply for the annuity at any time after the date on which the deceased employee would have
62.25 attained the required age for retirement based on the employee's allowable service. The
62.26 surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply
62.27 for an annuity any time after the member's death.

62.28 (f) ~~Sections~~Section 353.34, subdivision 3, and ~~353.71, subdivision 2, apply~~ applies to a
62.29 deferred annuity or surviving spouse benefit payable under this subdivision.

62.30 (g) An amount equal to any excess of the accumulated contributions that were credited
62.31 to the account of the deceased employee over and above the total of the annuities paid and
62.32 payable to the surviving spouse must be paid to the surviving spouse's estate.

62.33 (h) A member may specify in writing, with the signed consent of the spouse, that this
62.34 subdivision does not apply and that payment may be made only to the designated beneficiary

63.1 as otherwise provided by this chapter. The waiver of a surviving spouse annuity under this
63.2 section does not make a dependent child eligible for benefits under subdivision 1c.

63.3 (i) If the deceased member or former member first became a public employee or a
63.4 member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1,
63.5 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified
63.6 in section 353.30, subdivision 5, except for the revised early retirement reduction specified
63.7 in paragraph (c), if paragraph (c) is the applicable provision.

63.8 (j) For any survivor annuity determined under this subdivision, the payment is to be
63.9 based on the total allowable service that the member had accrued as of the date of death
63.10 and the age of the member and surviving spouse on that date.

63.11 Sec. 7. Minnesota Statutes 2020, section 353.34, subdivision 5, is amended to read:

63.12 Subd. 5. **Refundment Right to a refund generally unlimited.** The right of refundment
63.13 to a refund provided in this chapter, and laws amendatory thereof, is not restricted as to
63.14 time unless specifically provided and the statute of limitation does not apply thereto.

63.15 Sec. 8. Minnesota Statutes 2020, section 353.657, subdivision 2a, is amended to read:

63.16 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
63.17 who has attained the age of at least 50 years and either who is vested under section 353.01,
63.18 subdivision 47, or who has credit for at least 30 years of allowable service, regardless of
63.19 age attained, dies before the annuity or disability benefit becomes payable, notwithstanding
63.20 any designation of beneficiary to the contrary, the surviving spouse may elect to receive a
63.21 death while eligible survivor benefit.

63.22 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
63.23 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible
63.24 survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the
63.25 association. If there is no surviving spouse or child or children, a former spouse may be
63.26 entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for
63.27 in a marriage dissolution decree but not a death while eligible survivor benefit despite the
63.28 terms of a marriage dissolution decree filed with the association.

63.29 (c) The benefit may be elected instead of a refund with interest under section 353.32,
63.30 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2.
63.31 The benefit must be an annuity equal to the 100 percent joint and survivor annuity which

64.1 the member could have qualified for on the date of death, computed as provided in sections
64.2 353.651, subdivision 3, and 353.30, subdivision 3.

64.3 (d) The surviving spouse may apply for the annuity at any time after the date on which
64.4 the deceased employee would have attained the required age for retirement based on the
64.5 employee's allowable service. ~~Sections~~ Section 353.34, subdivision 3, and 353.71, subdivision
64.6 2, apply applies to a deferred annuity payable under this subdivision.

64.7 (e) No payment accrues beyond the end of the month in which entitlement to such annuity
64.8 has terminated. An amount equal to the excess, if any, of the accumulated contributions
64.9 which were credited to the account of the deceased employee over and above the total of
64.10 the annuities paid and payable to the surviving spouse must be paid to the deceased member's
64.11 last designated beneficiary or, if none, to the legal representative of the estate of such
64.12 deceased member.

64.13 (f) Any member may request in writing, with the signed consent of the spouse, that this
64.14 subdivision not apply and that payment be made only to the designated beneficiary, as
64.15 otherwise provided by this chapter.

64.16 (g) For a member who is employed as a full-time firefighter by the Department of Military
64.17 Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs
64.18 Department firefighter credited by the Minnesota State Retirement System may be used in
64.19 meeting the minimum allowable service requirement of this subdivision.

64.20 Sec. 9. Minnesota Statutes 2020, section 353.68, subdivision 4, is amended to read:

64.21 Subd. 4. **Deferred annuity.** The deferred annuity of section 353.34, subdivision 3, as
64.22 it applies to members of the police and fire fund, begins and is computed in the manner
64.23 provided in section 353.651 on the basis of the law in effect on the date of termination of
64.24 public service. The deferred annuity is augmented under section ~~353.71, subdivision 2~~
64.25 353.34, subdivision 3.

64.26 Sec. 10. Minnesota Statutes 2020, section 356.20, subdivision 2, is amended to read:

64.27 Subd. 2. **Covered public pension plans and funds.** This section applies to the following
64.28 public pension plans:

64.29 (1) the general state employees retirement plan of the Minnesota State Retirement System;

64.30 (2) the general employees retirement plan of the Public Employees Retirement
64.31 Association;

- 65.1 (3) the Teachers Retirement Association;
- 65.2 (4) the State Patrol retirement plan;
- 65.3 (5) the St. Paul Teachers Retirement Fund Association;
- 65.4 (6) the University of Minnesota faculty retirement plan;
- 65.5 (7) the University of Minnesota faculty supplemental retirement plan;
- 65.6 (8) the judges retirement fund;
- 65.7 (9) the Bloomington Fire Department Relief Association;
- 65.8 (10) a volunteer firefighter relief association governed by section 424A.091;
- 65.9 (11) the public employees police and fire plan of the Public Employees Retirement
- 65.10 Association;
- 65.11 (12) the correctional state employees retirement plan of the Minnesota State Retirement
- 65.12 System;
- 65.13 (13) the local government correctional service retirement plan of the Public Employees
- 65.14 Retirement Association; and
- 65.15 (14) the statewide ~~lump-sum~~ volunteer firefighter plan.

65.16 Sec. 11. Minnesota Statutes 2020, section 356.24, subdivision 3, is amended to read:

65.17 Subd. 3. **Deferred compensation plan.** (a) As used in this section, ~~a~~

65.18 (1) "deferred compensation plan" means a plan that satisfies the requirements ~~in~~ of this

65.19 subdivision;

65.20 (2) "plan administrator" means the individual or entity defined as the plan administrator

65.21 in the plan document for the Minnesota deferred compensation plan under section 352.965

65.22 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

65.23 (3) "vendor" means the provider of an annuity contract, custodial account, or retirement

65.24 income account under a tax-sheltered annuity plan under section 403(b) of the Internal

65.25 Revenue Code.

65.26 (b) The plan is:

65.27 (1) the Minnesota deferred compensation plan under section 352.965;

65.28 (2) a tax-sheltered annuity ~~program~~ plan under section 403(b) of the Internal Revenue

65.29 Code; or

66.1 (3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

66.2 (c) For each investment fund available to participants under the plan, other than in a
66.3 self-directed brokerage account, the plan administrator or ~~custodian~~ vendor discloses at
66.4 least annually to participants a statement that sets forth (1) all fees, including administrative,
66.5 maintenance, and investment fees, that impact the rate of return on each investment fund
66.6 available under the plan, and (2) ~~for each investment fund~~, the rates of return for the prior
66.7 one-, three-, five-, and ten-year periods or for the life of the fund, if shorter, in an easily
66.8 understandable document. The plan administrator or ~~custodian~~ vendor must file a copy of
66.9 this ~~document~~ statement with the executive director of the Legislative Commission on
66.10 Pensions and Retirement within 30 days of the end of each fiscal year of the plan.

66.11 (d) Enrollment in the plan is provided for in:

66.12 (1) a personnel policy of the public employer;

66.13 (2) a collective bargaining agreement between the public employer and the exclusive
66.14 representative of public employees in an appropriate unit; or

66.15 (3) an individual employment contract between a city and a city manager.

66.16 (e) The plan covers employees of a school district, state agency, or other governmental
66.17 subdivision. The plan may cover city managers covered by an alternative retirement
66.18 arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover
66.19 employees of the Board of Trustees of Minnesota State Colleges and Universities who are
66.20 covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

66.21 (f) Except as permitted under paragraph (g), public funds are contributed to the plan
66.22 only in an amount that matches employee contributions on a dollar for dollar basis, but not
66.23 to exceed the lesser of (1) the maximum authorized under the policy described in paragraph
66.24 (d) that provides for enrollment in the plan or program, or (2) one-half of the annual limit
66.25 on elective deferrals under section 402(g) of the Internal Revenue Code.

66.26 (g) Contributions to the plan may include contributions deducted from an employee's
66.27 sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized
66.28 as employee contributions or non-elective employer contributions, up to applicable limits
66.29 under the Internal Revenue Code. Such contributions are not subject to the match requirement
66.30 and limit in paragraph (f).

67.1 Sec. 12. Minnesota Statutes 2020, section 356.645, is amended to read:

67.2 **356.645 INVESTMENT OF ~~VARIOUS DEFINED CONTRIBUTION PLAN~~**
67.3 **ASSETS PLANS AND VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATIONS.**

67.4 The State Board of Investment shall determine the investments to be made available to
67.5 plan participants in plans defined in sections 352.965, 352.98, and 383B.46 and chapters
67.6 352D and 353D and to volunteer firefighters relief associations under chapter 424A.
67.7 Investments made available to plan participants and relief associations must include at least
67.8 one or more of the following:

67.9 (1) shares in the Minnesota supplemental investment fund established in section 11A.17;

67.10 (2) savings accounts in federally insured financial institutions;

67.11 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from
67.12 companies that are subject to regulation by the commissioner of commerce;

67.13 (4) investment options from open-end investment companies registered under the federal
67.14 Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

67.15 (5) investment options from a firm that is a registered investment adviser under the
67.16 Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;
67.17 and

67.18 (6) investment options of a bank as defined in United States Code, title 15, section 80b-2,
67.19 subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding
67.20 Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph
67.21 (1).

67.22 Sec. 13. Minnesota Statutes 2020, section 356A.06, subdivision 6, is amended to read:

67.23 Subd. 6. **Limited list of authorized investment securities.** (a) **Authority.** This
67.24 subdivision specifies the investment authority for a limited list plan. A limited list plan is
67.25 a covered pension plan that does not:

67.26 (1) have pension fund assets with a market value in excess of \$1,000,000;

67.27 (2) use the services of an investment advisor registered with the Securities and Exchange
67.28 Commission in accordance with the Investment Advisers Act of 1940, or registered as an
67.29 investment advisor in accordance with sections 80A.58, and 80A.60, for the investment of
67.30 at least 60 percent of its pension fund assets, calculated on market value;

68.1 (3) use the services of the State Board of Investment for the investment of at least 60
68.2 percent of its pension fund assets, calculated on market value; or

68.3 (4) use a combination of the services of an investment advisor meeting the requirements
68.4 of clause (2) and the services of the State Board of Investment for the investment of at least
68.5 75 percent of its pension fund assets, calculated on market value.

68.6 (b) **Investment agency appointment authority.** The governing board of a covered
68.7 pension plan may select and appoint investment agencies to act for or on its behalf.

68.8 (c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

68.9 (1) certificates of deposit issued, to the extent of available insurance or collateralization,
68.10 by a financial institution that is a member of the Federal Deposit Insurance Corporation ~~or~~
68.11 ~~the Federal Savings and Loan Insurance Corporation~~, that is insured by the National Credit
68.12 Union Administration, or that is authorized to do business in this state and has deposited
68.13 with the chief administrative officer of the plan a sufficient amount of marketable securities
68.14 as collateral in accordance with section 118A.03;

68.15 (2) guaranteed investment contracts, limited to those issued by insurance companies or
68.16 banks rated in the top four quality categories by a nationally recognized rating agency or
68.17 to alternative guaranteed investment contracts where the underlying assets comply with the
68.18 requirements of this paragraph; and

68.19 (3) savings accounts, limited to those fully insured by federal agencies.

68.20 (d) **Government-backed obligations.** A limited list plan is authorized to invest in
68.21 governmental obligations as further specified in this paragraph, including bonds, notes,
68.22 bills, mortgages, and other evidences of indebtedness, if the issue is backed by the full faith
68.23 and credit of the issuer or if the issue is rated among the top four quality rating categories
68.24 by a nationally recognized rating agency. The obligations in which plans are authorized to
68.25 invest under this paragraph are guaranteed or insured issues of:

68.26 (1) the United States, one of its agencies, one of its instrumentalities, or an organization
68.27 created and regulated by an act of Congress;

68.28 (2) the Dominion of Canada or one of its provinces if the principal and interest are
68.29 payable in United States dollars;

68.30 (3) a state or one of its municipalities, political subdivisions, agencies, or
68.31 instrumentalities; or

69.1 (4) any United States government-sponsored organization of which the United States is
69.2 a member if the principal and interest are payable in United States dollars.

69.3 (e) **Corporate obligations.** A limited list plan is authorized to invest in corporate
69.4 obligations, including bonds, notes, debentures, transportation equipment obligations, or
69.5 any other longer-term evidences of indebtedness issued or guaranteed by a corporation
69.6 organized under the laws of the United States or any of its states, or the Dominion of Canada
69.7 or any of its provinces if:

69.8 (1) the principal and interest are payable in United States dollars; and

69.9 (2) the obligations are rated among the top four quality categories by a nationally
69.10 recognized rating agency.

69.11 (f) **Mutual fund authority, limited list authorized assets.** Securities authorized under
69.12 paragraphs (c) to (e) may be owned directly or through shares in exchange-traded funds, or
69.13 through open-end mutual funds, or as units of commingled trusts.

69.14 (g) **Extended mutual fund authority.** Notwithstanding restrictions in other paragraphs
69.15 of this subdivision, a limited list plan is authorized to invest the assets of the special fund
69.16 in exchange-traded funds and open-end mutual funds, if their portfolio investments comply
69.17 with the type of securities authorized for investment under section 356A.06, subdivision 7,
69.18 paragraphs (c) to (g). Investments under this paragraph must not exceed 75 percent of the
69.19 assets of the special fund, not including any money market investments through mutual or
69.20 exchange-traded funds.

69.21 (h) **Supplemental fund authority.** The governing body of a limited list plan may certify
69.22 special fund assets to the State Board of Investment for investment under section 11A.17.

69.23 (i) **Assets mix restrictions.** A limited list plan must conform to the asset mix limitations
69.24 specified in section 356A.06, subdivision 7.

69.25 Sec. 14. Minnesota Statutes 2020, section 356A.06, subdivision 8a, is amended to read:

69.26 Subd. 8a. **Collateralization requirement.** (a) The governing board of a covered pension
69.27 plan shall designate a national bank, an insured state bank, an insured credit union, or an
69.28 insured thrift institution as the depository for the pension plan for assets not held by the
69.29 pension plan's custodian bank.

69.30 (b) Unless collateralized as provided under paragraph (c), a covered pension plan may
69.31 not deposit in a designated depository an amount in excess of the insurance held by the

70.1 depository in the Federal Deposit Insurance Corporation, ~~the Federal Savings and Loan~~
70.2 ~~Insurance Corporation~~, or the National Credit Union Administration, whichever applies.

70.3 (c) For an amount greater than the insurance under paragraph (b), the depository must
70.4 provide collateral in compliance with section 118A.03 or with any comparable successor
70.5 enactment relating to the collateralization of municipal deposits.

70.6 Sec. 15. Minnesota Statutes 2020, section 424A.001, subdivision 4, is amended to read:

70.7 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters relief
70.8 association" means a volunteer firefighters relief association or a volunteer firefighters
70.9 division or account of a partially salaried and partially volunteer firefighters relief association
70.10 that is:

70.11 (1) organized and incorporated as a nonprofit corporation to provide retirement benefits
70.12 to volunteer firefighters under chapter 317A and any laws of the state;

70.13 (2) governed by this chapter and sections 424A.091 to 424A.095; and

70.14 (3) directly associated with:

70.15 (i) a fire department established by municipal ordinance;

70.16 (ii) an independent nonprofit firefighting corporation that is organized under the
70.17 provisions of chapter 317A and that operates primarily for firefighting purposes; or

70.18 (iii) a fire department operated as or by a joint powers entity that operates primarily for
70.19 firefighting purposes.

70.20 (b) "Relief association" or "volunteer firefighters relief association" does not mean:

70.21 (1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter
70.22 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965,
70.23 chapter 446, as amended; or

70.24 (2) the statewide ~~lump-sum~~ volunteer firefighter plan governed by chapter 353G.

70.25 (c) A relief association or volunteer firefighters relief association is a governmental
70.26 entity that receives and manages public money to provide retirement benefits for individuals
70.27 providing the governmental services of firefighting and emergency first response.

71.1 Sec. 16. Minnesota Statutes 2020, section 424A.08, is amended to read:

71.2 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED**
71.3 **DISBURSEMENTS.**

71.4 (a) Any municipality which is entitled to receive fire state aid but which has no volunteer
71.5 firefighters relief association directly associated with its fire department and which has no
71.6 full-time firefighters with retirement coverage by the public employees police and fire
71.7 retirement plan shall deposit the fire state aid in a special account established for that purpose
71.8 in the municipal treasury. Disbursement from the special account may not be made for any
71.9 purpose except:

71.10 (1) payment of the fees, dues and assessments to the Minnesota State Fire Department
71.11 Association and to the state Volunteer Firefighters Benefit Association in order to entitle
71.12 its firefighters to membership in and the benefits of these state associations;

71.13 (2) payment of the cost of purchasing and maintaining needed equipment for the fire
71.14 department; and

71.15 (3) payment of the cost of construction, acquisition, repair, or maintenance of buildings
71.16 or other premises to house the equipment of the fire department.

71.17 (b) A municipality which is entitled to receive fire state aid, which has no volunteer
71.18 firefighters relief association directly associated with its fire department, which does not
71.19 participate in the statewide-lump-sum volunteer firefighter plan under chapter 353G, and
71.20 which has full-time firefighters with retirement coverage by the public employees police
71.21 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the
71.22 payment of the employer contribution requirement with respect to firefighters covered by
71.23 the public employees police and fire retirement plan under section 353.65, subdivision 3,
71.24 or for a combination of the two types of disbursements.

71.25 (c) A municipality that has no volunteer firefighters relief association directly associated
71.26 with it and that participates in the statewide-lump-sum volunteer firefighter plan under
71.27 chapter 353G shall transmit any fire state aid that it receives to the statewide-lump-sum
71.28 volunteer firefighter fund.

71.29 Sec. 17. Minnesota Statutes 2020, section 424A.10, subdivision 1, is amended to read:

71.30 Subdivision 1. **Definitions.** For purposes of this section:

72.1 (1) "qualified recipient" means a volunteer firefighter who receives a lump-sum
72.2 distribution of pension or retirement benefits from a volunteer firefighters relief association
72.3 or from the statewide ~~lump-sum~~ volunteer firefighter plan;

72.4 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
72.5 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
72.6 or children of a deceased active or deferred volunteer firefighter, or, if none, the designated
72.7 beneficiary of the deceased active or deferred volunteer firefighter, or, if no beneficiary has
72.8 been designated, the estate of the deceased active or deferred volunteer firefighter;

72.9 (3) "active volunteer firefighter" means a person who:

72.10 (i) regularly renders fire suppression service, the performance or supervision of authorized
72.11 fire prevention duties, or the performance or supervision of authorized emergency medical
72.12 response activities for a fire department;

72.13 (ii) has met the statutory and other requirements for relief association membership; and

72.14 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
72.15 member of the relief association or from the statewide ~~lump-sum~~ volunteer firefighter plan
72.16 for at least one month;

72.17 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

72.18 (i) terminated active firefighting service, the performance or supervision of authorized
72.19 fire prevention duties, or the performance or supervision of authorized emergency medical
72.20 response activities; and

72.21 (ii) has sufficient service credit from the applicable relief association or from the statewide
72.22 ~~lump-sum~~ volunteer firefighter plan to be entitled to a service pension under the bylaws of
72.23 the relief association, but has not applied for or has not received the service pension; and

72.24 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
72.25 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
72.26 individuals whose services were used to perform emergency medical response duties or
72.27 supervise emergency medical response activities if authorized under section 424A.01,
72.28 subdivision 5a.

72.29 Sec. 18. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended
72.30 to read:

72.31 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer
72.32 firefighters relief association or by the statewide ~~lump-sum~~ volunteer firefighter plan of a

73.1 lump-sum distribution to a qualified recipient, the association or retirement plan, as
73.2 applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any
73.3 law to the contrary, the relief association must pay the supplemental benefit out of its special
73.4 fund and the statewide-~~lump-sum~~ volunteer firefighter plan must pay the supplemental
73.5 benefit out of the statewide-~~lump-sum~~ volunteer firefighter plan. This benefit is an amount
73.6 equal to ten percent of the regular lump-sum distribution that is paid on the basis of the
73.7 recipient's service as a volunteer firefighter. In no case may the amount of the supplemental
73.8 benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a
73.9 survivor of a deceased active or deferred volunteer firefighter in that capacity.

73.10 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
73.11 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased
73.12 deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a
73.13 supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
73.14 firefighter from the special fund of the relief association and the retirement plan must pay
73.15 a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
73.16 firefighter from the retirement fund if chapter 353G so provides. The amount of the
73.17 supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

73.18 (c) For purposes of this section, the term "regular lump-sum distribution" means the
73.19 pretax lump-sum distribution excluding any interest that may have been credited during a
73.20 volunteer firefighter's period of deferral.

73.21 (d) An individual may receive a supplemental benefit under paragraph (a) or under
73.22 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
73.23 firefighter benefit.

73.24 Sec. 19. Minnesota Statutes 2020, section 424A.10, subdivision 3, is amended to read:

73.25 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of
73.26 the amount of supplemental benefits paid under subdivision 2 during the preceding calendar
73.27 year, the volunteer firefighters relief association or the statewide-~~lump-sum~~ volunteer
73.28 firefighter plan shall apply to the commissioner of revenue by February 15. By March 15,
73.29 the commissioner shall reimburse the relief association for the amount of the supplemental
73.30 benefits paid by the relief association to qualified recipients and to survivors of deceased
73.31 active or deferred volunteer firefighters.

73.32 (b) The commissioner of revenue shall prescribe the form of and supporting information
73.33 that must be supplied as part of the application for state reimbursement. The commissioner
73.34 of revenue shall reimburse the relief association by paying the reimbursement amount to

74.1 the treasurer of the municipality where the association is located and shall reimburse the
 74.2 retirement plan by paying the reimbursement amount to the executive director of the Public
 74.3 Employees Retirement Association. Within 30 days after receipt, the municipal treasurer
 74.4 shall transmit the state reimbursement to the treasurer of the association if the association
 74.5 has filed a financial report with the municipality. If the relief association has not filed a
 74.6 financial report with the municipality, the municipal treasurer shall delay transmission of
 74.7 the reimbursement payment to the association until the complete financial report is filed.
 74.8 If the association has dissolved or has been removed as a trustee of state aid, the treasurer
 74.9 shall deposit the money in a special account in the municipal treasury, and the money may
 74.10 be disbursed only for the purposes and in the manner provided in section 424A.08. When
 74.11 paid to the association, the reimbursement payment must be deposited in the special fund
 74.12 of the relief association and when paid to the retirement plan, the reimbursement payment
 74.13 must be deposited in the retirement fund of the plan.

74.14 (c) A sum sufficient to make the payments is appropriated from the general fund to the
 74.15 commissioner of revenue.

74.16 Sec. 20. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 5, is amended
 74.17 to read:

74.18 Subd. 5. **Determination of value of pension benefits and distribution to retirees in**
 74.19 **pay status.** (a) The board of trustees shall determine the present value of each participant's
 74.20 accrued benefit, taking into account the full vesting requirement under subdivision 2 and
 74.21 any increase in the lump-sum benefit or monthly pension amount approved under subdivision
 74.22 4:

74.23 (1) using the method set forth in section 424A.092, subdivision 2, for determining a
 74.24 plan's funded status by calculating the value of each participant's accrued benefit; or

74.25 (2) as determined by an actuary retained by the relief association, who meets the definition
 74.26 of approved actuary under section 356.215, subdivision 1, paragraph (c).

74.27 (b) If the retirement plan pays a monthly pension, the board of trustees ~~shall~~ must
 74.28 determine the present value of the remaining payments to any retiree in pay status or
 74.29 beneficiary who is receiving an annuity. Present value ~~shall~~ must be determined by an
 74.30 actuary who meets the definition of approved actuary under section 356.215, subdivision
 74.31 1, paragraph (c), retained by the relief association. At the discretion of the relief association,
 74.32 the relief association ~~shall offer~~ must provide the retiree in pay status or beneficiary receiving
 74.33 the annuity either:

75.1 (1) an immediate lump-sum distribution of an amount equal to the present value of the
75.2 remaining payments as determined by the actuary and permit the retiree in pay status or
75.3 beneficiary to elect a lump-sum payment or a direct rollover of the amount to an eligible
75.4 retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the distribution
75.5 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5; or

75.6 (2) continued payments in the same monthly amount under an annuity to be purchased
75.7 by the board of trustees from a reputable insurance company licensed to do business in the
75.8 state.

75.9 Sec. 21. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 8, is amended
75.10 to read:

75.11 Subd. 8. **Notice to participants.** The board of trustees shall provide notice to all
75.12 participants at least 90 days before the conversion effective date. The notice shall include:

75.13 (1) an explanation that the plan is converting from a defined benefit plan to a defined
75.14 contribution plan and provide definitions for those terms, the reasons for the conversion,
75.15 the conversion effective date, and the procedure to be followed, including fully vesting all
75.16 participants;

75.17 (2) a summary of the terms of the newly adopted defined contribution plan;

75.18 (3) information about any increase in the benefit level and whether the increase applies
75.19 to all participants or only active members;

75.20 (4) a section tailored to each participant that provides an estimate of the present value
75.21 of the participant's fully vested accrued benefit and the calculation that resulted in that value;

75.22 (5) an estimate of any anticipated surplus and an explanation of the disposition of the
75.23 surplus, including, as applicable, a description of the method for allocating the surplus
75.24 among participants' accounts and whether the municipality, each municipality, if more than
75.25 one municipality operates the fire department pursuant to a joint powers agreement, or
75.26 firefighting corporation will receive any of the surplus and any conditions on its use; and

75.27 (6) contact information for one or more members of the board of trustees who will answer
75.28 questions and provide a copy of the new defined contribution plan document or a summary,
75.29 if requested, or directions to a website for viewing and printing the plan document or
75.30 summary.

