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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2079**

March 13, 2007

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to retirement; extending eligibility for an early retirement incentive;
1.3 amending Laws 2006, chapter 271, article 3, section 43.

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

1.5 Section 1. Laws 2006, chapter 271, article 3, section 43, is amended to read:

1.6 Sec. 43. **EARLY RETIREMENT INCENTIVE.**

1.7 Subdivision 1. **Eligibility.** An appointing authority in the executive or legislative
1.8 branch of state government or the Board of Public Defense or the Minnesota Historical
1.9 Society or the Minnesota State Colleges and Universities or any school district may offer
1.10 the early retirement incentive in this section to an employee who:

1.11 (1) has at least 15 years of allowable service in one or more of the funds listed in
1.12 Minnesota Statutes, section 356.30, subdivision 3, or has at least five years of coverage by
1.13 the individual retirement account plan governed by Minnesota Statutes, chapter 354B, and
1.14 upon retirement is immediately eligible for a retirement annuity or benefit from one or
1.15 more of these funds; and

1.16 (2) terminates state or teaching service after the effective date of this section ~~and~~
1.17 ~~before September 1, 2006.~~

1.18 Subd. 2. **Incentive.** (a) For an employee eligible under subdivision 1, the employer
1.19 may provide an amount up to \$17,000, to be used:

1.20 (1) for an employee who terminates state service after the effective date of this
1.21 section ~~and on or before July 15, 2006~~, for deposit in the employee's account in the health
1.22 care savings plan established by Minnesota Statutes, section 352.98; ~~or~~

1.23 (2) ~~for an employee who terminates state service after July 15, 2006, and before~~
1.24 ~~September 1, 2006.~~

2.1 ~~(i)~~ notwithstanding Minnesota Statutes, section 352.01, subdivision 11, or 354.05,
2.2 subdivision 13, whichever applies, for purchase of service credit for unperformed service
2.3 sufficient to enable the employee to retire under Minnesota Statutes, section 352.116,
2.4 subdivision 1, paragraph (b); 353.30; or 354.44, subdivision 6, paragraph (b), whichever
2.5 applies; or

2.6 ~~(ii)~~ (3) for purchase of a lifetime annuity or annuity for a specific number of years
2.7 from the state unclassified retirement program to provide additional benefits under
2.8 Minnesota Statutes, section 352D.06, subdivision 1.

2.9 (b) An employee is eligible for the payment under paragraph (a), clause (2), ~~item~~
2.10 ~~(i)~~; if the employee uses money from a deferred compensation account that, combined
2.11 with the payment under paragraph (a), clause (2), ~~item (i)~~; would be sufficient to purchase
2.12 enough service credit to qualify for retirement under Minnesota Statutes, section 352.116,
2.13 subdivision 1, paragraph (b); 353.30, subdivision 1a; or 354.44, subdivision 6, paragraph
2.14 (b), whichever applies.

2.15 (c) The cost to purchase service credit under this section must be made in accordance
2.16 with Minnesota Statutes, section 356.551.

2.17 Subd. 3. **Designation of positions; employer discretion.** Before offering an
2.18 incentive under this section, an appointing authority must be experiencing employee
2.19 layoffs due to budget shortfalls or a reorganization that would be offset by offering the
2.20 incentive. The appointing authority must document that the incentive payment is equal
2.21 to or less than the cost of the employee layoff. The appointing authority must designate
2.22 the job classifications or positions within the job classifications that qualify for the
2.23 incentive. The appointing authority may modify this designation at any time. Designation
2.24 of positions eligible for the incentive under this section, participation of individual
2.25 employees, and the amount of the payment under this section are at the sole discretion of
2.26 the appointing authority. Unilateral implementation of this section by the employer is not
2.27 an unfair labor practice under Minnesota Statutes, chapter 179A.

2.28 Sec. 2. **EFFECTIVE DATE.**

2.29 Section 1 is effective retroactively from June 1, 2006.