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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 3798

March 4, 2008

Authored by Murphy, M., by request,

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

A bill for an act

1.1 relating to retirement; Minnesota State Retirement System; Public Employees
1.2 Retirement Association; Teachers Retirement Association; restricting state
1.3 employee postretirement program to conform with federal in-service distribution
1.4 restrictions; increasing Teachers Retirement Association reemployed annuitant
1.5 exempt income limit; revising reemployed annuitant account holding period
1.6 in various plans to permit earlier receipt; revising Teachers Retirement
1.7 Association strike period and leave of absence service credit purchase procedure;
1.8 revising Minnesota State Retirement System and Public Employees Retirement
1.9 Association leave of absence service credit purchase procedure; prohibiting
1.10 Public Employees Retirement Association reemployed disabilitant from earning
1.11 service credit unless disability payments are waived; clarifying correctional
1.12 state employees retirement plan transfer of service credit procedures; making
1.13 various other revisions of an administrative nature; amending Minnesota Statutes
1.14 2006, sections 352.22, subdivision 10; 352D.075, subdivision 2a; 353.01,
1.15 subdivisions 10, 11a; 353.27, by adding a subdivision; 353D.05, subdivision 2;
1.16 354.05, subdivision 37; 354.33, subdivision 5; 354.44, subdivision 5; 356.47,
1.17 subdivision 3; 356.551, subdivision 2; Minnesota Statutes 2007 Supplement,
1.18 sections 43A.346, subdivision 2; 352.017, subdivision 2; 352.955, subdivisions
1.19 3, 5; 353.01, subdivision 2b; 353.0161, subdivision 2; 353.27, subdivision 14;
1.20 353F.02, subdivision 4; 354.096, subdivision 2; 354.72, subdivision 2; Laws
1.21 2002, chapter 392, article 2, section 4; Laws 2006, chapter 271, article 5, section
1.22 5; proposing coding for new law in Minnesota Statutes, chapter 353F; repealing
1.23 Minnesota Statutes 2006, sections 354.44, subdivision 6a; 354.465; 354.51,
1.24 subdivision 4; 354.55, subdivisions 2, 3, 6, 12, 15; 354A.091, subdivisions 1a,
1.25 1b; 355.629; Laws 2005, First Special Session chapter 8, article 1, section 23.

1.26
1.27 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

ARTICLE 1

POSTRETIREMENT OPTION REVISION

1.30 Section 1. Minnesota Statutes 2007 Supplement, section 43A.346, subdivision 2,
1.31 is amended to read:

2.1 Subd. 2. **Eligibility.** (a) This section applies to a state or Metropolitan Council
2.2 employee who:

2.3 (1) for at least the five years immediately preceding separation under clause (2), has
2.4 been regularly scheduled to work 1,044 or more hours per year in a position covered by
2.5 a pension plan administered by the Minnesota State Retirement System or the Public
2.6 Employees Retirement Association;

2.7 (2) terminates state or Metropolitan Council employment;

2.8 (3) at the time of termination under clause (2), meets the age and service
2.9 requirements necessary to receive an unreduced retirement annuity from the plan and
2.10 satisfies requirements for the commencement of the retirement annuity or, for an
2.11 employee under the unclassified employees retirement plan, meets the age and service
2.12 requirements necessary to receive an unreduced retirement annuity from the plan and
2.13 satisfies requirements for the commencement of the retirement annuity or elects a
2.14 lump-sum payment; ~~and~~

2.15 (4) is at least age 62; and

2.16 (5) agrees to accept a postretirement option position with the same or a different
2.17 appointing authority, working a reduced schedule that is both (i) a reduction of at least 25
2.18 percent from the employee's number of regularly scheduled work hours; and (ii) 1,044
2.19 hours or less in state or Metropolitan Council service.

2.20 (b) For purposes of this section, an unreduced retirement annuity includes a
2.21 retirement annuity computed under a provision of law which permits retirement, without
2.22 application of an earlier retirement reduction factor, whenever age plus years of allowable
2.23 service total at least 90.

2.24 (c) For purposes of this section, the length of separation requirement under section
2.25 353.01, subdivision 28, paragraph (a), is not applicable.

2.26 ARTICLE 2

2.27 REVISED REEMPLOYED ANNUITANT TREATMENT

2.28 Section 1. Minnesota Statutes 2006, section 354.44, subdivision 5, is amended to read:

2.29 Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who
2.30 retired under the provisions of this chapter and has thereafter resumed teaching in any
2.31 employer unit to which this chapter applies is eligible to continue to receive payments in
2.32 accordance with the annuity except that all or a portion of the annuity payments must be
2.33 reduced deferred during the calendar year immediately following any calendar year in
2.34 which the person's ~~income~~ salary from the teaching service is in an amount greater than ~~the~~
2.35 ~~annual maximum earnings allowable for that age for the continued receipt of full benefit~~

3.1 ~~amounts monthly under the federal old age, survivors and disability insurance program~~
 3.2 ~~as set by the secretary of health and human services under United States Code, title 42,~~
 3.3 ~~section 403 \$46,000.~~ The amount of the ~~reduction must be~~ annuity deferral is one-half of
 3.4 the salary amount in excess of ~~the applicable reemployment income maximum specified in~~
 3.5 ~~this subdivision \$46,000~~ and must be deducted from the annuity payable for the calendar
 3.6 year immediately following the calendar year in which the excess amount was earned. ~~If~~
 3.7 ~~the person has not yet reached the minimum age for the receipt of Social Security benefits,~~
 3.8 ~~the maximum earnings for the person must be equal to the annual maximum earnings~~
 3.9 ~~allowable for the minimum age for the receipt of Social Security benefits.~~

3.10 (b) If the person is retired for only a fractional part of the calendar year during
 3.11 the initial year of retirement, the maximum reemployment ~~income~~ salary exempt from
 3.12 triggering a deferral as specified in this subdivision must be prorated for that calendar year.

3.13 (c) After a person has reached the Social Security ~~full~~ normal retirement age,
 3.14 no ~~reemployment income maximum~~ deferral is applicable regardless of the amount of
 3.15 ~~income~~ salary.

3.16 (d) The ~~amount of the~~ retirement annuity ~~reduction~~ deferral amount must be handled
 3.17 or disposed of as provided in section 356.47.

3.18 (e) For the purpose of this subdivision, ~~income~~ salary from teaching service includes,
 3.19 but is not limited to:

3.20 (1) all income for services performed as a consultant or an independent contractor
 3.21 for an employer unit covered by the provisions of this chapter; and

3.22 (2) the greater of either the income received or an amount based on the rate paid
 3.23 with respect to an administrative position, consultant, or independent contractor in an
 3.24 employer unit with approximately the same number of pupils and at the same level as the
 3.25 position occupied by the person who resumes teaching service.

3.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2008.

3.27 Sec. 2. Minnesota Statutes 2006, section 356.47, subdivision 3, is amended to read:

3.28 Subd. 3. **Payment.** (a) ~~Upon the retired member attaining the age of 65 years~~
 3.29 ~~or upon the first day of the month next following the month occurring~~ Beginning one
 3.30 year after the ~~termination of the~~ reemployment withholding period ends relating to the
 3.31 reemployment that gave rise to the limitation, ~~whichever is later,~~ and the filing of a written
 3.32 application, the retired member is entitled to the payment, in a lump sum, of the value
 3.33 of the person's amount under subdivision 2, plus interest at the compound annual rate
 3.34 of six percent from the date that the amount was deducted from the retirement annuity
 3.35 to the date of payment.

4.1 (b) The written application must be on a form prescribed by the chief administrative
4.2 officer of the applicable retirement plan.

4.3 (c) If the retired member dies before the payment provided for in paragraph (a) is
4.4 made, the amount is payable, upon written application, to the deceased person's surviving
4.5 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the
4.6 deceased person's estate.

4.7 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
4.8 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
4.9 permits, the retired member may elect to have all or any portion of the payment amount
4.10 under this section paid in the form of a direct rollover to an eligible retirement plan as
4.11 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
4.12 retired member. If the retired member dies with a balance remaining payable under this
4.13 section, the surviving spouse of the retired member, or if none, the deceased person's
4.14 designated beneficiary, or if none, the administrator of the deceased person's estate may
4.15 elect a direct rollover under this paragraph.

4.16 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2008.

4.17 **ARTICLE 3**

4.18 **TEACHERS RETIREMENT ASSOCIATION** 4.19 **CLARIFICATION OF STRIKE PERIOD PROCEDURE**

4.20 Section 1. Minnesota Statutes 2007 Supplement, section 354.72, subdivision 2, is
4.21 amended to read:

4.22 Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and
4.23 formula service in the plan for a period specified in subdivision 1 if the teacher makes a
4.24 payment as specified in paragraph (b) ~~or~~ (c), or (d), whichever applies. The employing
4.25 unit, at its option, may pay the employer portion of the amount ~~specified in paragraph (b)~~
4.26 on behalf of its employees.

4.27 (b) If payment is received by the executive director ~~within one year from the end~~
4.28 by June 30 of the fiscal year of the strike period or authorized leave included under section
4.29 354.093, 354.095, or 354.096, ~~or~~ payment must equal the total employee and employer
4.30 contribution rates, including amortization contribution rates if applicable, multiplied by the
4.31 member's average monthly salary rate on the date the leave or strike period commenced,
4.32 or for an extended leave under section 354.094, on the salary received during the year
4.33 immediately preceding the initial year of the leave, multiplied by the months and portions
4.34 of a month of the leave or strike period for which the teacher seeks allowable service credit.

5.1 (c) If payment is made after June 30 and before the following June 30 for a strike
 5.2 period or for leaves of absence under sections 354.093, 354.095, or 354.096, or for an
 5.3 extended leave of absence under section 354.094, the payment must equal the total
 5.4 employee and employer contributions, including amortization contributions if applicable,
 5.5 given the contribution rates in section 354.42, multiplied by the member's average
 5.6 monthly salary rate on the commencement of the leave or period of strike, multiplied by
 5.7 the months and portions of a month of the leave of absence or period of strike for which
 5.8 the teacher seeks allowable service credit. Payments made under this paragraph must
 5.9 include the amount determined in paragraph (b) plus compound interest at a monthly rate
 5.10 of 0.71 percent from the last day of the leave period or strike period, or from June 30 for
 5.11 an extended leave of absence under section 354.094, until the last day of the month in
 5.12 which payment is received.

5.13 ~~(c)~~ (d) If payment is received by the executive director after the applicable last
 5.14 permitted date under paragraph (b) (c), the payment amount is the amount determined
 5.15 under section 356.551. Notwithstanding payment deadlines specified in section 356.551,
 5.16 payment under this section may be made anytime before the effective date of retirement.

5.17 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2007.

5.18 Sec. 2. Laws 2002, chapter 392, article 2, section 4, is amended to read:

5.19 Sec. 4. **EFFECTIVE DATE.**

5.20 (a) Sections 1, 2, and 3 are effective retroactive to July 1, 2001.

5.21 (b) The authority to obtain credit for allowable service under section 1, clause (11);
 5.22 and section 2, paragraph (a), clause (8); and section 3, clause (9), expires 12 months
 5.23 after the date of enactment.

5.24 **EFFECTIVE DATE.** This section is effective retroactively without interruption
 5.25 from July 1, 2002.

ARTICLE 4

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION REVISED PRIVATIZATION PROCEDURE

5.29 Section 1. **[353F.025] CERTIFICATION AND DECERTIFICATION OF**
 5.30 **MEDICAL FACILITIES AND OTHER PUBLIC EMPLOYING UNITS.**

5.31 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a
 5.32 governmental subdivision may submit a resolution from the governing body to the
 5.33 executive director of the Public Employees Retirement Association which supports

6.1 providing coverage under this chapter for employees of that governmental subdivision
6.2 who are privatized, and which states that the governing body will pay for actuarial
6.3 calculations, as further specified in paragraph (c).

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

6.10 (c) Following receipt of a resolution and a determination by the executive director
6.11 that the new employer is not a governmental subdivision, the executive director shall
6.12 direct the consulting actuary retained under section 356.214 to determine whether the
6.13 general employees retirement plan of the Public Employees Retirement Association is
6.14 expected to receive a net gain if privatization occurs, by determining whether the actuarial
6.15 liability of the special benefit coverage provided under this chapter, if extended to the
6.16 applicable employees under the privatization, is less than the actuarial gain otherwise to
6.17 accrue to the plan. The date of the actuarial calculations used to make this determination
6.18 must be within one year of the effective date, as defined in section 353F.02, subdivision 3.

6.19 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under
6.20 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement
6.21 plan of the Public Employees Retirement Association is expected due to the privatization,
6.22 the executive director shall forward a recommendation and supporting documentation to
6.23 the chair of the Legislative Commission on Pensions and Retirement, the chair of the
6.24 Governmental Operations, Reform, Technology and Elections Committee of the house of
6.25 representatives, the chair of the State and Local Government Operations and Oversight
6.26 Committee of the senate, and the executive director of the Legislative Commission on
6.27 Pensions and Retirement. The recommendation must be in the form of an addition to
6.28 the definition of "medical facility" under section 353F.02, subdivision 4, or to "other
6.29 public employing unit" under section 353F.02, subdivision 5, whichever is applicable.
6.30 The recommendation must be forwarded to the legislature before January 15 for the
6.31 recommendation to be considered in that year's legislative session.

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

8.1 (b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the
8.2 latter of:

8.3 (1) the day after the governing body of the Cannon Falls Hospital District and its
8.4 chief clerical officer meet the requirements under Minnesota Statutes, section 645.021,
8.5 subdivisions 2 and 3; and

8.6 (2) the first day of the month following certification to the Cannon Falls Hospital
8.7 District by the executive director of the Public Employees Retirement Association that the
8.8 actuarial accrued liability of the special benefit coverage proposed for extension to the
8.9 privatized City of Cannon Falls Hospital employees under section 1 does not exceed the
8.10 actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as
8.11 calculated by the consulting actuary retained under Minnesota Statutes, section 356.214.
8.12 The cost of the actuarial calculations must be borne by the current employer or by the
8.13 entity which is the employer following the privatization.

8.14 (c) Section 2, with respect to Clearwater County Memorial Hospital, is effective
8.15 upon the latter of:

8.16 (1) the day after the governing body of Clearwater County and its chief clerical
8.17 officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2
8.18 and 3, except that the certificate of approval must be filed before January 1, 2009; and

8.19 (2) the first day of the month following certification to Clearwater County by the
8.20 executive director of the Public Employees Retirement Association that the actuarial
8.21 accrued liability of the special benefit coverage proposed for extension to the privatized
8.22 Clearwater Health Services employees under section 2 does not exceed the actuarial gain
8.23 otherwise to be accrued by the Public Employees Retirement Association, as calculated by
8.24 the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of
8.25 the actuarial calculations must be borne by the current employer or by the entity which is
8.26 the employer following the privatization.

8.27 (d) Section 2 with respect to the Dassel Lakeside Community Home is effective
8.28 upon the latter of:

8.29 (1) the day after the governing body of the city of Dassel and its chief clerical officer
8.30 timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2
8.31 and 3; and

8.32 (2) the first day of the month next following certification to the Dassel City
8.33 Council by the executive director of the Public Employees Retirement Association that
8.34 the actuarial accrued liability of the special benefit coverage proposed for extension to
8.35 the privatized Dassel Lakeside Community Home employees under section 2 does not
8.36 exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement

9.1 Association, as calculated by the consulting actuary retained under Minnesota Statutes,
9.2 section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel
9.3 or by the entity which is the employer following the privatization.

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

9.5 **ARTICLE 6**
9.6 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION PROVISIONS**

9.7 Section 1. Minnesota Statutes 2007 Supplement, section 353.01, subdivision 2b,
9.8 is amended to read:

9.9 Subd. 2b. **Excluded employees.** The following public employees are not eligible
9.10 to participate as members of the association with retirement coverage by the public
9.11 employees retirement plan, the local government correctional employees retirement plan
9.12 under chapter 353E, or the public employees police and fire retirement plan:

9.13 (1) public officers, other than county sheriffs, who are elected to a governing body,
9.14 or persons who are appointed to fill a vacancy in an elective office of a governing body,
9.15 whose term of office commences on or after July 1, 2002, for the service to be rendered
9.16 in that elective position;

9.17 (2) election officers or election judges;

9.18 (3) patient and inmate personnel who perform services for a governmental
9.19 subdivision;

9.20 (4) except as otherwise specified in subdivision 12a, employees who are hired for
9.21 a temporary position as defined under subdivision 12a, and employees who resign from
9.22 a nontemporary position and accept a temporary position within 30 days in the same
9.23 governmental subdivision;

9.24 (5) employees who are employed by reason of work emergency caused by fire,
9.25 flood, storm, or similar disaster;

9.26 (6) employees who by virtue of their employment in one governmental subdivision
9.27 are required by law to be a member of and to contribute to any of the plans or funds
9.28 administered by the Minnesota State Retirement System, the Teachers Retirement
9.29 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
9.30 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
9.31 or firefighters relief association governed by section 69.77 that has not consolidated
9.32 with the Public Employees Retirement Association, or any local police or firefighters
9.33 consolidation account who have not elected the type of benefit coverage provided by the
9.34 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons

10.1 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
10.2 police and fire plan benefit coverage. This clause must not be construed to prevent a person
10.3 from being a member of and contributing to the Public Employees Retirement Association
10.4 and also belonging to and contributing to another public pension plan or fund for other
10.5 service occurring during the same period of time. A person who meets the definition of
10.6 "public employee" in subdivision 2 by virtue of other service occurring during the same
10.7 period of time becomes a member of the association unless contributions are made to
10.8 another public retirement fund on the salary based on the other service or to the Teachers
10.9 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

10.15 (8) employees of a governmental subdivision who have not reached the age of
10.16 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
10.17 basis at an accredited school, college, or university in an undergraduate, graduate, or
10.18 professional-technical program, or a public or charter high school;

10.19 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
10.20 interns who are serving in a degree or residency program in public hospitals or clinics;

10.21 (10) students who are serving in an internship or residency program sponsored
10.22 by an accredited educational institution;

10.23 (11) persons who hold a part-time adult supplementary technical college license who
10.24 render part-time teaching service in a technical college;

10.25 (12) except for employees of Hennepin County or Hennepin Healthcare System,
10.26 Inc., foreign citizens working for a governmental subdivision with a work permit of less
10.27 than three years, or an H-1b visa valid for less than three years of employment. Upon
10.28 notice to the association that the work permit or visa extends beyond the three-year period,
10.29 the foreign citizens must be reported for membership from the date of the extension;

10.30 (13) public hospital employees who elected not to participate as members of the
10.31 association before 1972 and who did not elect to participate from July 1, 1988, to October
10.32 1, 1988;

10.33 (14) except as provided in section 353.86, volunteer ambulance service personnel,
10.34 as defined in subdivision 35, but persons who serve as volunteer ambulance service
10.35 personnel may still qualify as public employees under subdivision 2 and may be members
10.36 of the Public Employees Retirement Association and participants in the public employees

11.1 retirement fund or the public employees police and fire fund, whichever applies, on the
11.2 basis of compensation received from public employment service other than service as
11.3 volunteer ambulance service personnel;

11.4 (15) except as provided in section 353.87, volunteer firefighters, as defined in
11.5 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
11.6 provided that a person who is a volunteer firefighter may still qualify as a public
11.7 employee under subdivision 2 and may be a member of the Public Employees Retirement
11.8 Association and a participant in the public employees retirement fund or the public
11.9 employees police and fire fund, whichever applies, on the basis of compensation received
11.10 from public employment activities other than those as a volunteer firefighter;

11.11 (16) pipefitters and associated trades personnel employed by Independent School
11.12 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
11.13 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
11.14 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
11.15 241, article 2, section 12;

11.16 (17) electrical workers, plumbers, carpenters, and associated trades personnel
11.17 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
11.18 who have retirement coverage under a collective bargaining agreement by the Electrical
11.19 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
11.20 or the Carpenters Local 87 pension plan who were either first employed after May 1,
11.21 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
11.22 chapter 461, article 7, section 5;

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

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

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

12.4 (21) persons who are provided supported employment or work-study positions
 12.5 by a governmental subdivision and who participate in an employment or industries
 12.6 program maintained for the benefit of these persons where the governmental subdivision
 12.7 limits the position's duration to three years or less, including persons participating in a
 12.8 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
 12.9 unemployment relief program where the training or work experience is not provided as a
 12.10 part of, or for, future permanent public employment;

12.11 (22) independent contractors and the employees of independent contractors; and

12.12 (23) reemployed annuitants of the association during the course of that
 12.13 reemployment.

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

12.15 Sec. 2. Minnesota Statutes 2006, section 353.01, subdivision 10, is amended to read:

12.16 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

12.17 (1) the periodic compensation of a public employee, before deductions for deferred
 12.18 compensation, supplemental retirement plans, or other voluntary salary reduction
 12.19 programs, and also means "wages" and includes net income from fees;

12.20 (2) for a public employee who is covered by a supplemental retirement plan under
 12.21 section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions
 12.22 be made by the employer, the contribution to the applicable supplemental retirement plan
 12.23 when the contribution is from mandatory withholdings from employees' wages; and

12.24 (3) for a public employee who has prior service covered by a local police or
 12.25 firefighters relief association that has consolidated with the Public Employees Retirement
 12.26 Association or to which section 353.665 applies and who has elected coverage either
 12.27 under the public employees police and fire fund benefit plan under section 353A.08
 12.28 following the consolidation or under section 353.665, subdivision 4, the rate of salary
 12.29 upon which member contributions to the special fund of the relief association were made
 12.30 prior to the effective date of the consolidation as specified by law and by bylaw provisions
 12.31 governing the relief association on the date of the initiation of the consolidation procedure
 12.32 and the actual periodic compensation of the public employee after the effective date of
 12.33 consolidation.

12.34 (b) Salary does not mean:

13.1 (1) the fees paid to district court reporters, unused annual vacation or sick leave
13.2 payments, in lump-sum or periodic payments, severance payments, reimbursement of
13.3 expenses, lump-sum settlements not attached to a specific earnings period, or workers'
13.4 compensation payments;

13.5 (2) employer-paid amounts used by an employee toward the cost of insurance
13.6 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
13.7 care expense accounts, day care expenses, or any payments in lieu of any employer-paid
13.8 group insurance coverage, including the difference between single and family rates that
13.9 may be paid to a member with single coverage and certain amounts determined by the
13.10 executive director to be ineligible;

13.11 (3) the amount equal to that which the employing governmental subdivision would
13.12 otherwise pay toward single or family insurance coverage for a covered employee when,
13.13 through a contract or agreement with some but not all employees, the employer:

13.14 (i) discontinues, or for new hires does not provide, payment toward the cost of the
13.15 employee's selected insurance coverages under a group plan offered by the employer;

13.16 (ii) makes the employee solely responsible for all contributions toward the cost of
13.17 the employee's selected insurance coverages under a group plan offered by the employer,
13.18 including any amount the employer makes toward other employees' selected insurance
13.19 coverages under a group plan offered by the employer; and

13.20 (iii) provides increased salary rates for employees who do not have any
13.21 employer-paid group insurance coverages;

13.22 (4) except as provided in section 353.86 or 353.87, compensation of any kind paid to
13.23 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
13.24 35 or 36; ~~and~~

13.25 (5) the amount of compensation that exceeds the limitation provided in section
13.26 356.611; and

13.27 (6) amounts paid by a federal or state grant for which the grant specifically
13.28 prohibits grant proceeds from being used to make pension plan contributions, unless the
13.29 contributions to the plan are made from sources other than the federal or state grant.

13.30 (c) Amounts provided to an employee by the employer through a grievance
13.31 proceeding or a legal settlement are salary only if the settlement is reviewed by the
13.32 executive director and the amounts are determined by the executive director to be
13.33 consistent with paragraph (a) and prior determinations.

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

13.35 Sec. 3. Minnesota Statutes 2006, section 353.01, subdivision 11a, is amended to read:

14.1 Subd. 11a. **Termination of public service.** (a) "Termination of public service"
 14.2 occurs (1) when a member resigns or is dismissed from public service by the employing
 14.3 governmental subdivision and the employee does not, within 30 days of the date
 14.4 the employment relationship ended, return to an employment position in the same
 14.5 governmental subdivision; or (2) when the employer-employee relationship is severed due
 14.6 to the expiration of a layoff under subdivision 12 or 12c.

14.7 (b) The termination of public service must be recorded in the association records
 14.8 upon receipt of an appropriate notice from the governmental subdivision.

14.9 (c) A termination of public service does not occur if, prior to termination of service,
 14.10 the member has an agreement, verbal or written, to return to a governmental subdivision
 14.11 as an employee, independent contractor, or employee of an independent contractor.

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

14.13 Sec. 4. Minnesota Statutes 2007 Supplement, section 353.0161, subdivision 2, is
 14.14 amended to read:

14.15 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
 14.16 subdivision 1 may purchase credit for allowable service in that plan for a period specified
 14.17 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
 14.18 whichever applies. The employing unit, at its option, may pay the employer portion of the
 14.19 amount specified in paragraph (b) on behalf of its employees.

14.20 (b) If payment is received by the executive director within one year from the ~~end~~
 14.21 ~~of~~ date the member returned to work following the authorized leave, or within 30 days
 14.22 after the date of termination of public service if the member did not return to work, the
 14.23 payment amount is equal to the employee and employer contribution rates specified in
 14.24 law for the applicable plan at the end of the leave period, or at termination of public
 14.25 service, whichever is earlier, multiplied by the employee's ~~hourly rate of~~ average monthly
 14.26 salary on the date upon which deductions were paid during the six months, or portion
 14.27 thereof, before the commencement of return from the leave of absence and by the ~~days~~
 14.28 ~~and~~ number of months of the leave of absence for which the employee wants allowable
 14.29 service credit. Payments made under this paragraph must include compound interest at
 14.30 a monthly rate of 0.71 percent from the last day of the leave period until the last day of
 14.31 the month in which payment is received.

14.32 (c) If payment is received by the executive director after one year, the payment
 14.33 amount is the amount determined under section 356.551. Payment under this paragraph
 14.34 must be made before the date the person terminates public service under section 353.01,
 14.35 subdivision 11a.

15.1 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2007.

15.2 Sec. 5. Minnesota Statutes 2006, section 353.27, is amended by adding a subdivision
15.3 to read:

15.4 **Subd. 7c. Limitation on additional plan coverage.** No deductions for any
15.5 plan under this chapter or chapter 353E may be taken from the salary of a person who
15.6 is employed by a governmental subdivision under 353.01, subdivision 6, and who is
15.7 receiving disability benefit payments from any plan under this chapter or chapter 353E
15.8 unless the person waives the right to further disability benefit payments.

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

15.10 Sec. 6. Minnesota Statutes 2007 Supplement, section 353.27, subdivision 14, is
15.11 amended to read:

15.12 **Subd. 14. Treatment of periods before initial coverage date.** (a) If an entity is
15.13 determined to be a governmental subdivision due to receipt of a written notice of eligibility
15.14 from the association, that employer and its employees are subject to the requirements
15.15 of subdivision 12, effective retroactively to the date that the executive director of
15.16 the association determines that the entity first met the definition of a governmental
15.17 subdivision, if that date predates the notice of eligibility.

15.18 (b) If the retroactive time period under paragraph (a) exceeds three years, an
15.19 employee is authorized to purchase service credit in the applicable Public Employees
15.20 Retirement Association plan for the portion of the period in excess of three years, by
15.21 making payment under section 356.551. Notwithstanding section 356.551, subdivision 2,
15.22 regarding time limits on purchases, payment may be made anytime before termination of
15.23 public service.

15.24 (c) This subdivision does not apply if the applicable employment under paragraph
15.25 (a) included coverage by any public or private defined benefit or defined contribution
15.26 retirement plan, other than a volunteer firefighters relief association. If this paragraph
15.27 applies, an individual is prohibited from purchasing service credit for any period or
15.28 periods specified in paragraph (a).

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

15.30 Sec. 7. Minnesota Statutes 2006, section 353D.05, subdivision 2, is amended to read:

15.31 **Subd. 2. Investment options.** (a) A participant may elect to purchase shares in
15.32 the income share account, the growth share account, the international share account,

16.1 the money market account, the bond market account, the fixed interest account, or the
 16.2 common stock index account established by section 11A.17, or a combination of those
 16.3 accounts. The participant may elect to purchase shares in a combination of those accounts
 16.4 by specifying the percentage of the total contributions to be used to purchase shares in
 16.5 each of the accounts.

16.6 (b) A participant or a former participant may indicate in writing a choice of options
 16.7 for subsequent purchases of shares. After a choice is made, until the participant or former
 16.8 participant makes a different written indication, the executive director of the association
 16.9 shall purchase shares in the supplemental investment account or accounts specified by
 16.10 the participant. If no initial option is indicated by a participant or the specifications made
 16.11 by the participant exceeds 100 percent to be invested in more than one account, the
 16.12 executive director shall invest all contributions made by or on behalf of a participant in
 16.13 the income share account. If the specifications are less than 100 percent, the executive
 16.14 director shall invest the remaining percentage in the income share account. ~~A choice of~~
 16.15 ~~investment options is effective the first of the month following the date of receipt of the~~
 16.16 ~~signed written choice of options.~~

16.17 (c) Shares in the fixed interest account attributable to any guaranteed investment
 16.18 contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another
 16.19 account until the guaranteed investment contract has expired, unless the participant
 16.20 qualifies for a benefit payment under section 353D.07.

16.21 (d) A participant or former participant may also change the investment options
 16.22 selected for all or a portion of the individual's previously purchased shares in accounts,
 16.23 subject to the provisions of paragraph (c) concerning the fixed interest account. ~~A change~~
 16.24 ~~under this paragraph is effective the first of the month following the date of receipt of a~~
 16.25 ~~signed written choice of options.~~

16.26 (e) The change or selection of an investment option or the transfer of all or a portion
 16.27 of the deceased or former participant's shares in the income share, growth share, common
 16.28 stock index, bond market, international share, money market, or fixed interest accounts
 16.29 must not be made following death of the participant or former participant.

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

16.31 Sec. 8. Minnesota Statutes 2006, section 356.551, subdivision 2, is amended to read:

16.32 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in
 16.33 paragraph (c) applies, the prior service credit purchase amount is an amount equal to the
 16.34 actuarial present value, on the date of payment, as calculated by the chief administrative
 16.35 officer of the pension plan and reviewed by the actuary retained under section 356.214,

17.1 of the amount of the additional retirement annuity obtained by the acquisition of the
17.2 additional service credit in this section.

17.3 (b) Calculation of this amount must be made using the preretirement interest rate
17.4 applicable to the public pension plan specified in section 356.215, subdivision 8, and
17.5 the mortality table adopted for the public pension plan. The calculation must assume
17.6 continuous future service in the public pension plan until, and retirement at, the age at
17.7 which the minimum requirements of the fund for normal retirement or retirement with an
17.8 annuity unreduced for retirement at an early age, including section 356.30, are met with
17.9 the additional service credit purchased. The calculation must also assume a full-time
17.10 equivalent salary, or actual salary, whichever is greater, and a future salary history that
17.11 includes annual salary increases at the applicable salary increase rate for the plan specified
17.12 in section 356.215, subdivision 4d.

17.13 (c) The prior service credit purchase amount may not be less than the amount
17.14 determined by applying the current employee or member contribution rate, the employer
17.15 contribution rate, and the additional employer contribution rate, if any, to the person's
17.16 current annual salary and multiplying that result by the number of whole and fraction
17.17 years of service to be purchased.

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

17.22 (e) However, the current employer or the prior employer may, at its discretion, pay
17.23 all or any portion of the payment amount that exceeds an amount equal to the employee
17.24 contribution rates in effect during the period or periods of prior service applied to the
17.25 actual salary rates in effect during the period or periods of prior service, plus interest at the
17.26 rate of 8.5 percent a year compounded annually from the date on which the contributions
17.27 would otherwise have been made to the date on which the payment is made. If the
17.28 employer agrees to payments under this subdivision, the purchaser must make the
17.29 employee payments required under this subdivision within 90 days of the prior service
17.30 credit authorization. If that employee payment is made, the employer payment under this
17.31 subdivision must be remitted to the chief administrative officer of the public pension plan
17.32 within 60 days of receipt by the chief administrative officer of the employee payments
17.33 specified under this subdivision.

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

18.1 **ARTICLE 7**

18.2 **MINNESOTA STATE RETIREMENT SYSTEM PROVISIONS**

18.3 Section 1. Minnesota Statutes 2007 Supplement, section 352.017, subdivision 2,
18.4 is amended to read:

18.5 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
18.6 this chapter may purchase credit for allowable service in that plan for a period specified
18.7 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
18.8 whichever applies. The employing unit, at its option, may pay the employer portion of the
18.9 amount specified in paragraph (b) on behalf of its employees.

18.10 (b) If payment is received by the executive director within one year from the ~~end of~~
18.11 date the employee returned to work following the authorized leave, the payment amount is
18.12 equal to the employee and employer contribution rates specified in law for the applicable
18.13 plan at the end of the leave period multiplied by the employee's hourly rate of salary on
18.14 the date of return from the leave of absence and by the days and months of the leave of
18.15 absence for which the employee ~~wants~~ is eligible for allowable service credit. ~~Payments~~
18.16 ~~made under this paragraph~~ The payment must include compound interest at a monthly
18.17 rate of 0.71 percent from the last day of the leave period until the last day of the month in
18.18 which payment is received. If payment is received by the executive director after one year,
18.19 the payment amount is the amount determined under section 356.551. Payment under this
18.20 paragraph must be made before the date of termination from public employment covered
18.21 under chapter 352.

18.22 (c) ~~If payment is received by the executive director after one year, the payment~~
18.23 ~~amount is the amount determined under section 356.551.~~ If the employee terminates
18.24 employment covered by this chapter during the leave or following the leave rather than
18.25 returning to covered employment, payment must be received by the executive director
18.26 within 30 days after the termination date. The payment amount is equal to the employee
18.27 and employer contribution rates specified in law for the applicable plan on the day prior to
18.28 termination date, multiplied by the employee's hourly rate of salary on that date and by the
18.29 days and months of the leave of absence prior to termination.

18.30 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2007.

18.31 Sec. 2. Minnesota Statutes 2006, section 352.22, subdivision 10, is amended to read:

18.32 Subd. 10. **Other refunds.** Former employees covered by the system are entitled
18.33 to apply for refunds if they are or become members of the State Patrol retirement fund,
18.34 the state Teachers Retirement Association, or employees of the University of Minnesota

19.1 excluded from coverage under the system by action of the Board of Regents; or employees
 19.2 of the adjutant general who under federal law effectually elect membership in a federal
 19.3 retirement system; or officers or employees of the senate or house of representatives,
 19.4 excluded from coverage under section 352.01, subdivision 2b, clause (7). The refunds
 19.5 must include accumulated contributions plus interest as provided in subdivision 2. ~~These~~
 19.6 ~~employees may apply for a refund once 30 days or more have elapsed after their coverage~~
 19.7 ~~ceases, even if they continue in state service but in positions not covered by this chapter.~~

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

19.9 Sec. 3. Minnesota Statutes 2007 Supplement, section 352.955, subdivision 3, is
 19.10 amended to read:

19.11 Subd. 3. **Payment of additional equivalent contributions; post-June 30, 2007,**
 19.12 **coverage transfers.** (a) An eligible employee who ~~was~~ is transferred to plan coverage
 19.13 after June 30, 2007, and who elects to transfer past service credit under this section must
 19.14 pay an additional member contribution for that prior service period. The additional
 19.15 member contribution is ~~(1) the difference between the member contribution rate or rates~~
 19.16 ~~for the general state employees retirement plan of the Minnesota State Retirement System~~
 19.17 ~~for the period of employment covered by the service credit to be transferred and the~~
 19.18 ~~member contribution rate or rates for the correctional state employees retirement plan~~
 19.19 ~~for the most recent 12 month period of employment covered by the service credit to be~~
 19.20 ~~transferred, plus annual compound interest at the rate of 8.5 percent, and (2) the amount~~
 19.21 computed under paragraph (b), plus the greater of the amount computed under paragraph
 19.22 (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service
 19.23 ~~credit transfer. The unfunded actuarial accrued liability attributable to the past service~~
 19.24 ~~credit transfer is the present value of the benefit obtained by the transfer of the service~~
 19.25 ~~credit to the correctional state employees retirement plan reduced by the amount of the~~
 19.26 ~~asset transfer under subdivision 4, by the amount of the member contribution equivalent~~
 19.27 ~~payment under clause (1), and by the amount of the employer contribution equivalent~~
 19.28 ~~payment under paragraph (c), clause (1).~~

19.29 (b) The executive director shall compute, for the most recent 12 months of service
 19.30 credit eligible for transfer, or for the entire period eligible for transfer if less than 12
 19.31 months, the difference between the employee contribution rate or rates for the general state
 19.32 employees retirement plan and the employee contribution rate or rates for the correctional
 19.33 state employees retirement plan applied to the eligible employee's salary during that
 19.34 transfer period, plus compound interest at a monthly rate of 0.71 percent.

20.1 (c) The executive director shall compute, for any service credit being transferred
20.2 on behalf of the eligible employee and not included under paragraph (b), the difference
20.3 between the employee contribution rate or rates for the general state employees retirement
20.4 plan and the employee contribution rate or rates for the correctional state employees
20.5 retirement plan applied to the eligible employee's salary during that transfer period, plus
20.6 compound interest at a monthly rate of 0.71 percent.

20.7 (d) The executive director shall compute an amount using the process specified in
20.8 paragraph (b), but based on differences in employer contribution rates between the general
20.9 state employees retirement plan and the correctional state employees retirement plan
20.10 rather than employee contribution rates.

20.11 (e) The executive director shall compute an amount using the process specified in
20.12 paragraph (c), but based on differences in employer contribution rates between the general
20.13 state employees retirement plan and the correctional state employees retirement plan
20.14 rather than employee contribution rates.

20.15 (f) The additional equivalent member contribution under this subdivision must be
20.16 paid in a lump sum. Payment must accompany the election to transfer the prior service
20.17 credit. No transfer election or additional equivalent member contribution payment may be
20.18 made by a person or accepted by the executive director after the one year anniversary date
20.19 of the effective date of the retirement coverage transfer, or the date on which the eligible
20.20 employee terminates state employment, whichever is earlier.

20.21 ~~(e)~~ (g) If an eligible employee elects to transfer past service credit under this section
20.22 and pays the additional equivalent member contribution amount under ~~subdivision 2~~
20.23 paragraph (a), the applicable department shall pay an additional equivalent employer
20.24 contribution amount. The additional employer contribution is ~~(1) the difference between~~
20.25 ~~the employer contribution rate or rates for the general state employees retirement plan~~
20.26 ~~for the period of employment covered by the service credit to be transferred and the~~
20.27 ~~employer contribution rate or rates for the correctional state employees retirement~~
20.28 ~~plan for the period of employment covered by the service credit to be transferred, plus~~
20.29 ~~annual compound interest at the rate of 8.5 percent, and (2) the amount computed under~~
20.30 paragraph (d), plus the greater of the amount computed under paragraph (e), or 60 percent
20.31 of the unfunded actuarial accrued liability attributable to the past service credit transfer
20.32 calculated as provided in paragraph (a), clause (2).

20.33 (h) The unfunded actuarial accrued liability attributable to the past service credit
20.34 transfer is the present value of the benefit obtained by the transfer of the service credit
20.35 to the correctional state employees retirement plan reduced by the amount of the asset
20.36 transfer under subdivision 4, by the amount of the member contribution equivalent

21.1 payment computed under paragraph (b), and by the amount of the employer contribution
 21.2 equivalent payment computed under paragraph (d).

21.3 ~~(d)~~ (i) The additional equivalent employer contribution under this subdivision must
 21.4 be paid in a lump sum and must be paid within 30 days of the date on which the executive
 21.5 director of the Minnesota State Retirement System certifies to the applicable department
 21.6 that the employee paid the additional equivalent member contribution.

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

21.8 Sec. 4. Minnesota Statutes 2007 Supplement, section 352.955, subdivision 5, is
 21.9 amended to read:

21.10 Subd. 5. **Effect of the asset transfer.** Upon the transfer of assets under subdivision
 21.11 4, the service credit in the general state employees retirement plan of the Minnesota State
 21.12 Retirement System related to the period being transferred is forfeited and may not be
 21.13 reinstated. The transferred service credit and the transferred assets must be credited to the
 21.14 correctional state employees retirement plan and fund, respectively.

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

21.16 Sec. 5. Minnesota Statutes 2006, section 352D.075, subdivision 2a, is amended to read:

21.17 Subd. 2a. **Surviving spouse coverage term certain.** In lieu of the annuity under
 21.18 subdivision 2, clause (2) or (3), or in lieu of a distribution under subdivision 2, clause (1),
 21.19 the surviving spouse of a deceased participant may elect to receive survivor coverage in
 21.20 the form of a term certain annuity of ~~five, six~~ ten, 15, or 20 years, based on the value of
 21.21 the remaining shares. The monthly term certain annuity must be calculated under section
 21.22 352D.06, subdivision 1.

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

21.24 Sec. 6. **REPEALER.**

21.25 Laws 2005, First Special Session chapter 8, article 1, section 23, is repealed
 21.26 retroactive from July 26, 2005.

21.27 **ARTICLE 8**

21.28 **TEACHERS RETIREMENT ASSOCIATION PROVISIONS**

21.29 Section 1. Minnesota Statutes 2006, section 354.05, subdivision 37, is amended to read:

22.1 Subd. 37. **Termination of teaching service.** "Termination of teaching service"
 22.2 means the withdrawal of a member from active teaching service by resignation or the
 22.3 termination of the member's teaching contract by the employer. A member is not
 22.4 considered to have terminated teaching service, if before the age of 62, and before the
 22.5 effective date of the termination or retirement, the member has entered into a written
 22.6 contract to resume teaching service with an employing unit covered by the provisions
 22.7 of this chapter.

22.8 **EFFECTIVE DATE.** This section is effective July 1, 2008.

22.9 Sec. 2. Minnesota Statutes 2007 Supplement, section 354.096, subdivision 2, is
 22.10 amended to read:

22.11 Subd. 2. **Payment.** (a) Notwithstanding any laws to the contrary, a member who
 22.12 is granted a family leave under United States Code, title 42, section 12631, may receive
 22.13 allowable service credit for the leave by making payment ~~of the employee, employer, and~~
 22.14 ~~additional employer contributions at the rates under section 354.42, during the leave~~
 22.15 ~~period as applied to the member's average full-time monthly salary rate on the date the~~
 22.16 ~~leave commenced~~ under section 354.72.

22.17 ~~(b) If payment is made after the leave terminates, section 354.72 applies.~~

22.18 **EFFECTIVE DATE.** This section is effective July 1, 2008.

22.19 Sec. 3. Minnesota Statutes 2006, section 354.33, subdivision 5, is amended to read:

22.20 Subd. 5. **Retirees not eligible for federal benefits.** ~~Notwithstanding the provisions~~
 22.21 ~~of section 354.55, subdivision 3;~~ When any person retires after July 1, 1973, who (1)
 22.22 has ten or more years of allowable service, and (2) does not have any retroactive Social
 22.23 Security coverage by reason of the person's position in the retirement system, and (3) does
 22.24 not qualify for federal old age and survivor primary benefits at the time of retirement, the
 22.25 annuity must be computed under section 354.44, subdivision 2, of the law in effect on
 22.26 June 30, 1969, except that accumulations after June 30, 1957, must be calculated using the
 22.27 same mortality table and interest assumption as are used to transfer the required reserves
 22.28 to the Minnesota postretirement investment fund.

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

22.30 Sec. 4. **REPEALER.**

22.31 Minnesota Statutes 2006, sections 354.44, subdivision 6a; 354.465; 354.51,
 22.32 subdivision 4; and 354.55, subdivisions 2, 3, 6, 12, and 15, are repealed.

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

23.2 **ARTICLE 9**

23.3 **REPEAL OF OBSOLETE LEAVE**
23.4 **AND ELECTION PROCEDURES**

23.5 Section 1. **REPEALER.**

23.6 Minnesota Statutes 2006, sections 354A.091, subdivisions 1a and 1b; and 355.629,
23.7 are repealed.