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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE No. 3329

March 4, 2010

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The bill was read for the first time and referred to the Committee on Finance

March 29, 2010

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Taxes

May 11, 2010

Committee Recommendation and Adoption of Report:

To Pass

Read Second Time

1.1 A bill for an act
1.2 relating to education finance; clarifying the retired employee health benefits levy
1.3 calculation; amending Minnesota Statutes 2009 Supplement, section 126C.41,
1.4 subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2009 Supplement, section 126C.41, subdivision 2, is
1.7 amended to read:

1.8 Subd. 2. **Retired employee health benefits.** (a) A district may levy an amount up
1.9 to the amount the district is required by the collective bargaining agreement in effect
1.10 on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for
1.11 licensed and nonlicensed employees who have terminated services in the employing
1.12 district and withdrawn from active teaching service or other active service, as applicable,
1.13 before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses
1.14 for licensed and nonlicensed employees who have terminated services in the employing
1.15 district and withdrawn from active teaching service or other active service, as applicable
1.16 before July 1, 1998, only if a sunset clause is in effect for the current collective bargaining
1.17 agreement. The total amount of the levy each year may not exceed \$600,000.

1.18 (b) In addition to the levy authority granted under paragraph (a), a school district
1.19 may levy for other postemployment benefits expenses actually paid during the previous
1.20 fiscal year. For purposes of this subdivision, "postemployment benefits" means benefits
1.21 giving rise to a liability under Statement No. 45 of the Government Accounting Standards
1.22 Board. A district seeking levy authority under this subdivision must:

1.23 (1) create or have created an actuarial liability to pay postemployment benefits to
1.24 employees or officers after their termination of service;

2.1 (2) have a sunset clause in effect for the current collective bargaining agreement as
2.2 required by paragraph (a); and

2.3 (3) apply for the authority in the form and manner required by the commissioner
2.4 of education.

2.5 If the total levy authority requested under this paragraph exceeds the amount established
2.6 in paragraph (c), the commissioner must proportionately reduce each district's maximum
2.7 levy authority under this subdivision. The commissioner may subsequently adjust each
2.8 district's levy authority under this subdivision so long as the total levy authority does not
2.9 exceed the maximum levy authority for that year.

2.10 (c) The maximum levy authority under paragraph (b) must not exceed the following
2.11 amounts:

2.12 (1) \$9,242,000 for taxes payable in 2010;

2.13 (2) \$29,863,000 for taxes payable in 2011; and

2.14 (3) for taxes payable in 2012 and later, the maximum levy authority must not exceed
2.15 the sum of the previous year's authority and \$14,000,000.

2.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.17 and applies for taxes payable in 2010 and later.