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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **857**

02/25/2013 Authored by Atkins; Davids; Murphy, M., and Cornish

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act  
1.2 relating to public pensions; imposing an insurance surcharge; modifying pension  
1.3 aids; providing pension funding; amending Minnesota Statutes 2012, section  
1.4 69.021, by adding a subdivision; proposing coding for new law in Minnesota  
1.5 Statutes, chapter 297I.

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

1.7 Section 1. Minnesota Statutes 2012, section 69.021, is amended by adding a  
1.8 subdivision to read:

1.9 Subd. 12. Surcharge aid accounts. (a) A surcharge fire pension aid account is  
1.10 established in the general fund to receive amounts as provided under section 297I.07,  
1.11 subdivision 3, clause (1). The commissioner shall administer the account and allocate  
1.12 money in the account as follows:

1.13 (1) the commissioner shall determine the increase in fire state aid for each recipient  
1.14 under subdivision 7 if the money in the account was added to the entitlement amount of  
1.15 fire state aid determined under subdivision 5, paragraph (a), for the fiscal year, and shall  
1.16 pay the resulting increase in fire state aid for the fire departments that are members of  
1.17 the voluntary statewide lump-sum volunteer firefighter retirement plan to the executive  
1.18 director of the Public Employees Retirement Association for deposit in the applicable  
1.19 accounts in the voluntary statewide lump-sum volunteer firefighter retirement fund; and

1.20 (2) the balance not paid under clause (1) must be paid as follows:

1.21 (i) one-third as additional fire state aid under subdivision 7 to municipalities and fire  
1.22 departments other than those for which aid was paid under clause (1); and

1.23 (ii) two-thirds to the executive director of the Public Employees Retirement  
1.24 Association for deposit as a supplemental state pension funding aid in the public  
1.25 employees police and fire retirement fund established by section 353.65, subdivision 1.

2.1 (b) A surcharge police pension aid account is established in the general fund  
 2.2 to receive amounts as provided by section 297I.07, subdivision 3, clause (2). The  
 2.3 commissioner shall administer the account and allocate money in the account as follows:

2.4 (1) one-third to be distributed as police state aid as provided under subdivision 7a; and

2.5 (2) two-thirds to be apportioned, on the basis of the number of active police officers  
 2.6 certified for police state aid receipt under section 69.011, subdivisions 2 and 2b, between:

2.7 (i) the executive director of the Public Employees Retirement Association for  
 2.8 deposit as a supplemental state pension funding aid in the public employees police and fire  
 2.9 retirement fund established by section 353.65, subdivision 1; and

2.10 (ii) the executive director of the Minnesota State Retirement System for deposit as a  
 2.11 supplemental state pension funding aid in the state patrol retirement fund.

2.12 **EFFECTIVE DATE.** This section is effective beginning in the fiscal year beginning  
 2.13 July 1, 2013.

2.14 Sec. 2. **[297I.07] SURCHARGE ON HOMEOWNERS AND AUTO POLICIES.**

2.15 Subdivision 1. **Surcharge on policies.** (a) Each licensed insurer engaged in writing  
 2.16 insurance shall collect a surcharge equal to \$5 per calendar year for each policy issued  
 2.17 or renewed during that calendar year for:

2.18 (1) homeowners insurance authorized in section 60A.06, subdivision 1, clause  
 2.19 (1)(c); and

2.20 (2) automobile insurance as defined in section 65B.14, subdivision 2.

2.21 (b) The surcharge amount collected under this subdivision must not be considered  
 2.22 premium for any other purpose. The surcharge amount must be separately stated on either a  
 2.23 billing or policy declaration or document containing similar information sent to an insured.

2.24 Subd. 2. **Collection and administration.** The commissioner shall administer the  
 2.25 surcharge imposed by this section in the same manner as the taxes imposed by this chapter.

2.26 Subd. 3. **Deposit of revenues.** The commissioner shall deposit revenues from the  
 2.27 surcharge under this section as follows:

2.28 (1) amounts from the surcharge imposed under subdivision 1, paragraph (a), clause  
 2.29 (1), in a surcharge fire pension aid account in the general fund; and

2.30 (2) amounts from the surcharge imposed under subdivision 1, paragraph (a), clause  
 2.31 (2), in a surcharge police pension aid account in the general fund.

2.32 **EFFECTIVE DATE.** This section is effective for policies issued after June 30, 2013.