SEVENTY-FIRST LEGISLATIVE DAY

St. Paul, Minnesota, Thursday, May 7, 2026

The Senate met at 11:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

Senator Murphy imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Pastor Dan Doering.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators were present:

| | | | | |
|---|---|---|---|---|
| Abeler | Farnsworth | Jasinski | Marty | Rarick |
| Bahr | Fateh | Johnson | Mathews | Rasmusson |
| Boldon | Frentz | Johnson Stewart | Maye Quade | Rest |
| Carlson | Green | Klein | McEwen | Seeberger |
| Champion | Gruenhagen | Koran | Miller | Utke |
| Clark | Gustafson | Kreun | Mohamed | Weber |
| Coleman | Hauschild | Kunesh | Murphy | Wesenberg |
| Cwodzinski | Hawj | Kupec | Nelson | Westlin |
| Dahms | Heintzeman | Lang | Oumou Verbeten | Westrom |
| Dibble | Hemmingsen-Jaeger | Latz | Pappas | Wiklund |
| Dornink | Hoffman | Lieske | Pha | Xiong |
| Draheim | Holmstrom | Limmer | Port | |
| Drazkowski | Housley | Lucero | Pratt | |
| Duckworth | Howe | Mann | Putnam | |

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

May 5, 2026

The Honorable Bobby Joe Champion
President of the Senate

Dear President Champion:

I have received, approved, signed, and deposited in the Office of the Secretary of State, Chapter 64, S.F. No. 1251; Chapter 65, S.F. No. 3868; and Chapter 66, S.F. No. 3887.

Sincerely,
Tim Walz, Governor

May 6, 2026

The Honorable Lisa Demuth
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2026 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| S.F. No. | H.F. No. | Session Laws Chapter No. | Time and Date Approved 2026 | Date Filed 2026 |
|---|---|---|---|---|
| | 3593 | 62 | 10:43 a.m. May 5 | May 5 |
| | 3453 | 63 | 10:43 a.m. May 5 | May 5 |
| 1251 | | 64 | 10:44 a.m. May 5 | May 5 |
| 3868 | | 65 | 10:44 a.m. May 5 | May 5 |
| 3887 | | 66 | 10:45 a.m. May 5 | May 5 |
| | 3676 | 67 | 10:45 a.m. May 5 | May 5 |
| | 4133 | 68 | 10:46 a.m. May 5 | May 5 |
| | 3782 | 69 | 10:46 a.m. May 5 | May 5 |
| | 3827 | 70 | 10:47 a.m. May 5 | May 5 |

Sincerely,
Steve Simon
Secretary of State

## MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

**S.F. No. 2814:** A bill for an act relating to real estate appraisers; establishing a disciplinary sanction matrix; proposing coding for new law in Minnesota Statutes, chapter 82B.

**S.F. No. 3637:** A bill for an act relating to transportation; clarifying that an optometrist may prescribe certain window glazing materials; amending Minnesota Statutes 2025 Supplement, section 169.71, subdivision 4a.

**S.F. No. 4244:** A bill for an act relating to legislative enactments; making miscellaneous technical corrections to laws and statutes; correcting erroneous, obsolete, and omitted text and references; removing redundant, conflicting, and superseded provisions; amending Minnesota Statutes 2024, sections 3.9215, subdivision 4; 3.9741, subdivision 1; 13.202, subdivision 11; 13.3806, subdivision 22; 13.461, subdivision 7a; 13.55, subdivision 1; 13.825, subdivision 2; 34.02; 43A.34, subdivision 3; 52.09, subdivision 2; 60D.18, subdivision 5; 62A.318, subdivision 5; 65A.35, subdivision 5; 65B.133, subdivision 1; 65B.15, subdivision 1; 66A.16, subdivision 2; 80E.13; 115.48, subdivision 2; 115A.28, subdivision 2; 118A.09, subdivision 3; 120B.234, subdivision 2; 120B.303, subdivision 1; 121A.15, subdivisions 3b, 11; 121A.425, subdivision 1; 124D.03, subdivision 3; 124D.094, subdivision 2; 124D.096; 124D.59, subdivision 2; 125A.76, subdivision 2f; 126C.05, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 5; 135A.15, subdivision 1; 136A.031, subdivision 3; 136A.1241, subdivision 2; 136A.829, subdivision 3; 136A.84, subdivision 1; 142A.03, subdivision 32; 142A.05; 142A.604, subdivision 2; 142B.01, subdivision 8; 142B.03, subdivisions 1, 2; 142B.05, subdivisions 7, 8; 142B.10, subdivision 1; 142B.12, subdivision 4; 142B.41, subdivision 3; 142D.08, subdivisions 5, 6; 142D.20, subdivision 2; 142D.32, subdivision 2; 142E.16, subdivision 2; 142G.22, subdivision 1; 142G.25; 142G.40, subdivision 1; 142G.57, subdivisions 2, 4; 144E.28, subdivision 8; 145.882, subdivision 5a; 145.8821; 148B.59; 148F.165, subdivision 2; 148F.205, subdivision 5; 148F.2051; 151.72, subdivision 2; 152.29, subdivision 5; 157.22; 169.223, subdivision 4; 169.99, subdivision 1; 181.211, subdivision 10; 204B.06, subdivision 9; 211B.04, subdivision 3; 214.06, subdivision 1a; 216B.16, subdivisions 6b, 6c; 216B.2411, subdivisions 1, 2; 216B.2425, subdivision 7; 216B.2427, subdivisions 1, 2; 216C.437, subdivision 19; 216I.06, subdivision 2; 240A.03, subdivision 6; 245A.03, subdivisions 6, 7; 245A.07, subdivision 2a; 245D.03, subdivision 2; 245F.03; 245G.11, subdivision 1; 245G.22, subdivision 6; 253B.02, subdivision 4c; 256.017, subdivision 2; 256.043, subdivision 1; 256.9657, subdivisions 1a, 3; 256.975, subdivisions 7d, 9; 256B.04, subdivision 15; 256B.051, subdivision 7; 256B.0624, subdivision 4; 256B.0658; 256B.0911, subdivision 29; 256B.15, subdivision 1h; 256B.196, subdivision 2; 256B.1973, subdivision 1; 256B.431, subdivision 17d; 256B.69, subdivision 16; 256B.77, subdivisions 4, 5; 256B.85, subdivisions 7b, 20; 256D.01, subdivisions 1, 1e, 2; 256D.02, subdivision 1; 256D.03, subdivision 1; 256D.04; 256D.045; 256D.05, subdivision 8; 256D.06, subdivision 7; 256D.07; 256D.16; 256F.10, subdivisions 6, 7; 256I.04, subdivision 1; 256I.05, subdivision 1c; 256K.10, subdivision 3; 256S.21, subdivision 3; 257.05, subdivision 3; 257.0755, subdivision 3; 259.41, subdivision 1; 259.83, subdivision 1; 260.67, subdivision 2; 260C.001, subdivision 1; 260C.4411, subdivision 1; 260C.4412; 260E.17, subdivision 2; 260E.33, subdivision 6a; 260E.35, subdivision 3; 275.011, subdivisions 1, 2; 290.01, subdivision 19; 290.0132, subdivision 32; 290.095, subdivision 11; 295.50, subdivision 4; 295.81, subdivision 1; 296A.06, subdivision 1; 297A.9915, subdivision 5; 297I.20, subdivisions 1, 3; 298.75, subdivision 2; 309.531, subdivision 2; 321.1109; 325F.071, subdivision 1; 327B.04, subdivision 8; 332.30; 336.7-209; 336.9-317; 352.01, subdivision 2a; 353D.07, subdivision 5; 353G.18, subdivision 2; 353G.19, subdivision 6; 356.47, subdivision 3; 363A.07, subdivision 4; 363A.08, subdivision 4; 424A.05, subdivision 5; 424B.13, subdivisions 5, 6; 424B.22, subdivisions 7, 8; 458D.08; 462A.07, subdivision 20; 469.174, subdivision 10; 473.121, subdivision 5a; 473.164; 473.4057, subdivision 7; 473.755, subdivision 4; 473J.12, subdivision 2; 473J.13, subdivision 3; 491A.03, subdivision 4; 504B.361, subdivision 1; 518.10, subdivision 1; 518.175, subdivision 6; 518A.40, subdivision 1; 518A.41, subdivision 1; 518A.51; 518A.56, subdivision 11; 518C.613;

609.232, subdivision 11; 611A.37, subdivision 1; 611A.372; 624.7192; Minnesota Statutes 2025 Supplement, sections 13.46, subdivisions 2, 4; 65B.05; 120B.117, subdivision 4; 124F.01, subdivision 2; 136A.054; 142G.01, subdivision 3; 148.6404; 148.6408, subdivision 2; 161.14, subdivision 109; 161.45, subdivision 4; 168.012, subdivision 1; 168A.01, subdivisions 18, 19, 20; 171.301, subdivision 1; 216B.1622, subdivision 2; 245A.04, subdivision 1; 245A.191; 245C.08, subdivision 1; 253B.10, subdivision 1; 254B.0507, subdivision 2; 256B.055, subdivision 12; 256B.0615, subdivision 1; 256B.0616, subdivision 1; 256B.0924, subdivision 6; 256B.0943, subdivision 9; 256B.761, subdivision 2; 257.0769, subdivision 1; 260.65; 297I.20, subdivision 7; 299C.061, subdivision 1; 353D.07, subdivision 2; 357.021, subdivision 1a; 423A.022, subdivision 2; 424A.015, subdivision 4; 473.4465, subdivision 2; 580.07, subdivisions 1, 2; Laws 2023, chapter 1, section 22, as amended; repealing Minnesota Statutes 2024, sections 13.461, subdivision 16a; 137.50, subdivision 5; 142E.50, subdivisions 1, 4, 7; 256.9756, subdivision 3; 256B.092, subdivision 4b; 256R.50, subdivision 6; 257E.10, subdivision 11; 272.02, subdivision 31; 273.11, subdivisions 19, 20; 273.1315, subdivision 1; 273.1385; 289A.60, subdivision 15; 297I.15, subdivision 2; 383B.1511; 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 473.561; 473.564, subdivisions 2, 3; 473.565; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.596; 473.598; 473.599; 473.5995; 473.76; 473.763; 477A.18; 480.011; 504B.345, subdivision 2; Laws 2024, chapter 79, article 1, section 20; Laws 2025, chapter 21, sections 56; 57.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 6, 2026

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 1714:** A bill for an act relating to state government; requiring payment transparency in public contracts; amending Minnesota Statutes 2024, section 15.72, by adding a subdivision.

Senate File No. 1714 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 6, 2026

## CONCURRENCE AND REPASSAGE

Senator Johnson Stewart moved that the Senate concur in the amendments by the House to S.F. No. 1714 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1714 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Farnsworth | Jasinski | Mann | Pratt |
| Bahr | Fateh | Johnson | Marty | Putnam |
| Boldon | Frentz | Johnson Stewart | Mathews | Rarick |
| Carlson | Green | Klein | Maye Quade | Rasmusson |
| Champion | Gruenhagen | Koran | McEwen | Rest |
| Coleman | Gustafson | Kreun | Miller | Seeberger |
| Cwodzinski | Hauschild | Kunesh | Mohamed | Utke |
| Dahms | Hawj | Kupec | Murphy | Weber |
| Dibble | Heintzeman | Lang | Nelson | Wesenberg |
| Dornink | Hemmingsen-Jaeger | Latz | Oumou Verbeten | Westlin |
| Draheim | Hoffman | Lieske | Pappas | Westrom |
| Drazkowski | Housley | Limmer | Pha | Wiklund |
| Duckworth | Howe | Lucero | Port | Xiong |

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Carlson and Latz.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Johnson.

So the bill, as amended, was repassed and its title was agreed to.

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 3432:** A bill for an act relating to public safety; requiring removal of identifying equipment and insignia from emergency vehicles sold to the public; providing for security and protective services of certain state officials; requiring a report; appropriating money; amending Minnesota Statutes 2024, sections 299D.03, subdivision 1; 299E.01, subdivisions 1, 2, 3, 4, by adding a subdivision; Laws 2025, chapter 35, article 1, sections 2; 4; 5; Laws 2025, chapter 39, article 1, section 2; Laws 2025, First Special Session chapter 8, article 1, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 169; 299A; 299E.

Senate File No. 3432 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 6, 2026

Senator Murphy, for Senator Latz, moved that the Senate do not concur in the amendments by the House to S.F. No. 3432, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 4188:

**H.F. No. 4188:** A bill for an act relating to commerce; modifying various consumer protections for insurance and financial products; prohibiting virtual-currency kiosks; modifying various provisions governing securities broker-dealers and broker-dealers' agents; making technical changes to various provisions governed or administered by the Department of Commerce; modifying and adding provisions governing unclaimed property; providing penalties; amending Minnesota Statutes 2024, sections 46.044, subdivision 1; 48.195; 49.37; 53B.69, subdivision 10; 58.14, subdivisions 3, 4, 5, by adding a subdivision; 58.18, subdivision 4; 58B.02, by adding subdivisions; 58B.03, subdivisions 10, 11; 58B.051; 58B.06, subdivisions 4, 6; 60A.13, subdivisions 1, 6; 72A.061, subdivision 5; 72A.18, subdivision 2, by adding subdivisions; 72A.20, subdivision 2, by adding a subdivision; 80A.50; 80A.69; 80C.12, subdivision 1; 80G.01, subdivision 5a; 325E.21, subdivisions 1b, 2c; 332.32; 345.31, by adding a subdivision; 345.43, by adding a subdivision; Minnesota Statutes 2025 Supplement, sections 58B.02, subdivision 8a; 80A.66; proposing coding for new law in Minnesota Statutes, chapters 53B; 80A; 82B; 82C; 345; repealing Minnesota Statutes 2024, sections 48.158; 53B.69, subdivisions 3b, 3c; 53B.75, subdivisions 1, 2, 3, 4, 5.

The House respectfully requests that a Conference Committee of 4 members be appointed thereon.

Koegel, Elkins, O'Driscoll and Perryman have been appointed as such committee on the part of the House.

House File No. 4188 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 6, 2026

Senator Klein moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 4188, and that a Conference Committee of 4 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 82, 3554, 4195, 4240, 4242, 4348, and 4482.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 6, 2026

## FIRST READING OF HOUSE BILLS

The following bills were read the first time.

**H.F. No. 82:** A bill for an act relating to health-related licensing; clarifying athletic trainer scope of practice; amending Minnesota Statutes 2024, sections 148.7802, subdivision 6, by adding a subdivision; 148.7806; 148.7807; 148.7814; repealing Minnesota Statutes 2024, section 148.7802, subdivisions 4, 5.

Referred to the Committee on Health and Human Services.

**H.F. No. 3554:** A bill for an act relating to state government; designating the month of January as Snow Professionals Appreciation Month; proposing coding for new law in Minnesota Statutes, chapter 10.

Referred to the Committee on State and Local Government.

**H.F. No. 4195:** A bill for an act relating to children, youth, and families; modifying grants to youth intervention programs; amending Minnesota Statutes 2024, section 142A.43.

Referred to the Committee on Health and Human Services.

**H.F. No. 4240:** A bill for an act relating to elections; making various changes related to election administration; modifying provisions related to absentee voting; modifying timelines; prohibiting elected officials and candidates from betting on elections; making technical and clarifying changes; appropriating money; amending Minnesota Statutes 2024, sections 203B.05, subdivision 1; 203B.06, subdivision 3; 203B.065; 204B.27, subdivision 2; 204C.26, subdivisions 2, 4; 205.185, subdivision 3; 205A.10, subdivision 3; 211B.32, subdivision 1; Minnesota Statutes 2025 Supplement, sections 203B.30, subdivisions 2, 3; 205A.11, subdivision 2; 375.20; proposing coding for new law in Minnesota Statutes, chapters 204D; 211B; repealing Minnesota Statutes 2024, section 5.31.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 4006, now on General Orders.

**H.F. No. 4242:** A bill for an act relating to local government; modifying provisions governing disposition of decedents' personal property by coroners and medical examiners; amending Minnesota Statutes 2024, sections 390.225, subdivision 5; 525.393.

Referred to the Committee on Judiciary and Public Safety.

**H.F. No. 4348:** A bill for an act relating to local government; designating thermal energy networks as public improvements and waterworks; amending Minnesota Statutes 2024, sections 429.011, subdivisions 2a, 5; 429.021, subdivision 1; 444.075, subdivision 1.

Senator Murphy, Chair of the Committee on Rules and Administration, moved that H.F. No. 4348 be laid on the table. The motion prevailed.

**H.F. No. 4482:** A bill for an act relating to state government; permitting contracts for state historic sites; amending Minnesota Statutes 2024, section 138.669.

Referred to the Committee on State and Local Government.

## REPORTS OF COMMITTEES

Senator Murphy moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 4503. The motion prevailed.

**Senator Marty from the Committee on Finance, to which was re-referred**

**S.F. No. 3720:** A bill for an act relating to workers' compensation; adopting 2026 recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2024, sections 79.34, subdivisions 3, 4; 79.35; 79.36; 79.362; 79.38, subdivision 1; 175A.05, by adding a subdivision; 176.011, subdivision 15; 176.081, subdivision 9; 176.101, subdivision 2a; 176.155, subdivision 1; 176.221, subdivision 1; 176.322; repealing Minnesota Statutes 2024, sections 79.34, subdivision 2a; 79.361; 79.363.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Senator Marty from the Committee on Finance, to which was re-referred**

**S.F. No. 4304:** A bill for an act relating to natural resources; appropriating money from outdoor heritage fund; extending and modifying prior appropriations; amending Laws 2024, chapter 106, article 1, section 2, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, delete "187,528,000" and insert "191,081,000"

Page 8, line 9, delete "29,635,000" and insert "33,188,000"

Page 10, after line 13, insert:

"**(g) Roseau Lake Rehabilitation, Phase 3**

$3,553,000 the second year is to the commissioner of natural resources for an agreement with the Roseau River Watershed District to restore and enhance the Roseau Lake and Roseau River habitat complex in Roseau County. The approved accomplishment plan must include an operational and management plan for the Roseau Lake Rehabilitation Project. The Roseau River Watershed District must submit progress reports and a final report that include monitoring data related to water quantity and information about how flooding to adjacent and downstream agricultural lands has been addressed as part of the

progress reports and final report submitted to the Lessard-Sams Outdoor Heritage Council. No money from this appropriation may be expended:

(1) prior to January 1, 2027; or

(2) during any period in which a court order enjoining the project from moving forward is in effect."

Page 10, line 14, delete "(g)" and insert "(h)"

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Marty from the Committee on Finance, to which was referred**

**S.F. No. 5202:** A bill for an act relating to claims against the state; providing for the settlement of certain claims; appropriating money.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 4, insert:

"Section 1. **EXONERATION AWARDS.**

The amounts in this section are appropriated in fiscal year 2027 from the general fund to the commissioner of management and budget for full payment of awards of damages under the Imprisonment and Exoneration Remedies Act, Minnesota Statutes, sections 611.362 to 611.368. This appropriation is available until June 30, 2027, for payment to:

(1) James Lamar Davis, $250,000;

(2) Clayton Douglas Groves, $350,000; and

(3) Marvin Haynes, $4,500,000."

Page 1, line 12, delete "....." and insert "Mark Carroll" and delete "....." and insert ", $4,570.40."

Renumber the sections in sequence

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Marty from the Committee on Finance, to which was referred**

**H.F. No. 4252:** A bill for an act relating to higher education; modifying student aid reporting requirements; requiring additional accommodations for parenting students; modifying American Indian Scholars program eligibility; modifying provisions related to private career schools, private and out-of-state postsecondary institutions, unemployment insurance aid, and developmental courses; allowing denial of funding due to fraud; authorizing a lease agreement for construction of a sports

facility; specifying handling of uncashed distribution checks; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 135A.121, subdivision 2; 136A.053; 136A.091, subdivisions 2, 9; 136A.121, subdivision 2; 136A.1215, subdivision 5; 136A.1241, subdivision 8; 136A.125, subdivision 2; 136A.1274, subdivision 4; 136A.1275, subdivision 4; 136A.1465, subdivision 10; 136A.233, subdivision 3; 136A.62, by adding a subdivision; 136A.64, subdivisions 1, 5; 136A.65, subdivision 8; 136A.653, subdivisions 1b, 3a; 136A.672, subdivision 5; 136A.675, subdivision 1, by adding a subdivision; 136A.821, subdivisions 13, 16, 17; 136A.822, subdivisions 4, 10, 12, by adding subdivisions; 136A.823, subdivisions 1, 3; 136A.826, subdivision 1; 136A.827, subdivisions 1, 4; 136A.828, subdivision 6; 136A.829, subdivisions 1, 3; 136A.8295, subdivision 5; 136A.83; 136G.03, subdivisions 30, 31, by adding a subdivision; 136G.05, subdivision 10; 136G.13, by adding a subdivision; 268.193, subdivision 2; Minnesota Statutes 2025 Supplement, sections 135A.1582, subdivisions 1, 2, 3; 136A.246, subdivision 1a; 136A.69, subdivision 1; 136A.82, subdivision 1; 136A.821, subdivisions 5, 21; 136A.822, subdivisions 6, 8, 13; 136A.824, subdivisions 1, 2; 136A.833, subdivisions 1, 2; Laws 2025, First Special Session chapter 5, article 1, section 3, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; repealing Minnesota Statutes 2024, sections 124D.09, subdivision 10a; 136A.657; 136A.827, subdivisions 1b, 2; 136A.834, subdivisions 2, 3, 4; 136G.03, subdivision 11; 136G.09, subdivision 10; Minnesota Statutes 2025 Supplement, section 136A.834, subdivisions 1, 5.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 43A.187, is amended to read:

**43A.187 BLOOD DONATION LEAVE.**

A state employee must be granted leave from work with 100 percent of pay to donate blood at a location away from the place of work. The total amount of leave used under this section may not exceed three hours in a 12-month period, and must be determined by the employee. A state employee seeking leave from work under this section must provide 14 days' notice to the appointing authority. This leave must not affect the employee's vacation leave, pension, compensatory time, personal vacation days, sick leave, earned overtime accumulation, or cause a loss of seniority. ~~For the purposes of this section, "state employee" does not include an employee of the Minnesota State Colleges and Universities.~~

Sec. 2. Minnesota Statutes 2024, section 135A.012, is amended to read:

**135A.012 ~~HIGHER EDUCATION~~ EDUCATIONAL ATTAINMENT GOAL.**

Subdivision 1. **Purpose.** This section sets a goal for postsecondary education and workforce training credential attainment for Minnesota residents.

Subd. 2. **Postsecondary credentials.** The number of Minnesota residents ages ~~25 to 44~~ 24 to 55 years who hold postsecondary ~~or industry-recognized~~ credentials should be increased to at least ~~70~~ 75 percent by ~~2025~~ the end of the 2040 calendar year, with subgoals for critical educational benchmarks in early childhood and kindergarten through grade 12 education to be established under subdivision 6.

Subd. 3. **Rights not created.** The attainment goal in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person.

Subd. 4. **Data development and analyses.** The Office of Higher Education shall work with the state demographer's office to measure progress towards the attainment of the goal specified in subdivision 2. The United States Census Bureau data shall be used to calculate the number of individuals in the state who hold a postsecondary degree. The Office of Higher Education~~,~~ and the state demographer's office~~, the Department of Employment and Economic Development, and the Department of Labor and Industry~~ shall develop a methodology to estimate the number of individuals that hold a credential awarded by a postsecondary institution or, when possible, recognized by an industry authority as their highest credential using data available at the time that the analysis is completed.

Subd. 5. **Reporting.** (a) Beginning in 2016 and every year thereafter, the Office of Higher Education, in collaboration with the state demographer's office, the Department of Children, Youth, and Families, and the Department of Education, shall, by October 15, report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance on the progress towards meeting or exceeding the goal and subgoals of this section.

(b) Meeting and maintaining the goal of ~~70~~ 75 percent of Minnesota residents ages ~~25 to 44~~ 24 to 55 years holding a postsecondary or, when possible, industry-recognized credential will likely be difficult without achieving attainment rates that are comparable across all race and ethnicity groups and regions of the state, using existing statewide economic development regions, and by gender. The Office of Higher Education shall utilize benchmarks of ~~30~~ 50 percent ~~or higher~~ and ~~50~~ 75 percent ~~or higher~~ to report progress by ~~race and ethnicity groups~~ these subpopulations toward meeting the educational attainment rate goal of ~~70~~ 75 percent. The Office of Higher Education will additionally report on interim progress of these subpopulations toward the 75 percent goal in 2031 and 2036.

Subd. 6. **Implementation and coordination.** The Office of Higher Education, in collaboration with the Minnesota P-20 Education Partnership, shall jointly implement, monitor, assess, and report on progress toward meeting the attainment goal established under subdivision 2. Activities under this subdivision include but are not limited to:

(1) ongoing consultation with relevant stakeholders;

(2) development of a strategic plan that identifies key metrics and initiatives that ensure all Minnesotans have the academic preparation and access necessary to ultimately attain a postsecondary or, when possible, industry-recognized credential;

(3) collaborating with other state agencies and additional key stakeholders to ensure alignment with other statewide goals and priorities; and

(4) identifying subgoals for critical benchmarks in early childhood and kindergarten through grade 12 education that assist in reaching the attainment goal.

Sec. 3. Minnesota Statutes 2024, section 135A.121, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** To be eligible each year for the program a student must:

(1) be enrolled in an undergraduate certificate, diploma, or degree program at the University of Minnesota or a Minnesota state college or university;

(2) be either (i) a ~~Minnesota~~ student eligible for a resident ~~for resident tuition purposes~~ tuition rate, or its equivalent, who is an enrolled member or citizen of a federally recognized American Indian Tribe or Canadian First Nation, or (ii) an enrolled member or citizen of a Minnesota Tribal Nation, regardless of resident tuition status;

(3) have not (i) obtained a baccalaureate degree, or (ii) been enrolled for 12 semesters or the equivalent, excluding courses taken that qualify as developmental education or below college-level; and

(4) meet satisfactory academic progress as defined under section 136A.101, subdivision 10.

Sec. 4. Minnesota Statutes 2025 Supplement, section 135A.1582, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Parenting student" means a student enrolled at a public college or university who is the parent or legal guardian of or can claim as a dependent a child under the age of 18.

(c) "Postsecondary institution" means an institution governed by the Board of Trustees of the Minnesota State Colleges and Universities or a private postsecondary institution that offers in-person courses on a campus located in Minnesota and is an eligible institution as defined in section 136A.103. Institutions governed by the Board of Regents of the University of Minnesota are requested to comply with this section.

~~(c)~~ (d) "Pregnancy or related conditions" has the meaning given in Code of Federal Regulations, title 34, section 106.2.

~~(d) "Postsecondary institution" means an institution governed by the Board of Trustees of the Minnesota State Colleges and Universities or a private postsecondary institution that offers in-person courses on a campus located in Minnesota and is an eligible institution as defined in section 136A.103. Institutions governed by the Board of Regents of the University of Minnesota are requested to comply with this section.~~

(e) "Priority registration" means an opportunity to register for courses before the opening of general registration for the majority of undergraduate students.

Sec. 5. Minnesota Statutes 2025 Supplement, section 135A.1582, subdivision 2, is amended to read:

Subd. 2. **Rights and protections.** (a) A postsecondary institution may not require and the University of Minnesota is requested not to require a pregnant or parenting student, solely because of the student's status as a pregnant or parenting student or due to issues related to the student's pregnancy or parenting, to:

(1) take a leave of absence or withdraw from the student's degree or certificate program;

(2) limit the student's studies;

(3) participate in an alternative program;

(4) change the student's major, degree, or certificate program; or

(5) refrain from joining or cease participating in any course, activity, or program at the college or university.

(b) A postsecondary institution shall provide and the University of Minnesota is requested to provide reasonable modifications to a pregnant student, including modifications that:

(1) would be provided to a student with a temporary medical condition; or

(2) are related to the health and safety of the student and the student's unborn child, such as allowing the student to maintain a safe distance from substances, areas, and activities known to be hazardous to pregnant women or unborn children.

(c) A postsecondary institution must and the University of Minnesota is requested to, for reasons related to a student's pregnancy, childbirth, or any resulting medical status or condition:

(1) excuse the student's absence;

(2) allow the student to make up missed assignments or assessments;

(3) allow the student additional time to complete assignments in the same manner as the institution allows for a student with a temporary medical condition; and

(4) provide the student with access to instructional materials and video recordings of lectures for classes for which the student has an excused absence under this section to the same extent that instructional materials and video recordings of lectures are made available to any other student with an excused absence.

(d) A postsecondary institution must and the University of Minnesota is requested to allow a pregnant or parenting student to:

(1) take a leave of absence; and

(2) if in good academic standing at the time the student takes a leave of absence, return to the student's degree or certificate program in good academic standing without being required to reapply for admission.

(e) If a postsecondary institution provides early registration for courses or programs at the institution for any group of students, the institution must provide and the University of Minnesota is requested to provide early registration for those courses or programs for pregnant or parenting students in the same manner. Priority registration for parenting students shall include the following considerations:

(1) automatically assign eligible pregnant and parenting students a registration window time that occurs no later than the earliest undergraduate registration period offered;

(2) ensure that priority registration is granted without a separate petition, discretionary approval, or case-by-case determination beyond verification of parenting status;

(3) annual notification provided to all enrolled students describing the rights and protections afforded to pregnant and parenting students;

(4) provide notification of the priority registration process to each student who self-identifies as a pregnant or parenting student; and

(5) publish information regarding programs, services, and student rights specific to parenting students on the public postsecondary institution's public website.

(f) The Board of Trustees of the Minnesota State Colleges and Universities shall adopt policies and procedures to implement this subdivision. The Board of Regents of the University of Minnesota is requested to comply with this subdivision.

Sec. 6. Minnesota Statutes 2025 Supplement, section 135A.1582, subdivision 3, is amended to read:

Subd. 3. **Policy on discrimination.** Each postsecondary institution must adopt and the University of Minnesota is requested to adopt a policy for students on pregnancy and parenting discrimination. The policy must:

(1) include the contact information of the Title IX coordinator who is the designated point of contact for a student requesting each protection or modification under this section. Contact information must include the Title IX coordinator's name, phone number, email, and office;

(2) be posted in an easily accessible, straightforward format on the ~~college or university's~~ postsecondary institution's website; and

(3) be made available annually to faculty, staff, and employees of the ~~college or university~~ postsecondary institution.

Sec. 7. Minnesota Statutes 2024, section 136A.053, is amended to read:

**136A.053 CONSOLIDATED STUDENT AID REPORTING.**

(a) The commissioner of the Office of Higher Education shall report annually beginning February 15, 2026, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education, on the details of programs administered under sections 136A.091 ~~to 136A.1276~~, 136A.121, 136A.1215, 136A.1241, 136A.125, 136A.126, 136A.1274, 136A.1275, 136A.1465, and ~~136A.231 to 136A.246~~ 136A.233, including the:

(1) total funds appropriated and expended;

(2) total number of students applying for funds;

(3) total number of students receiving funds;

(4) average and total award amounts;

(5) summary demographic data on award recipients;

(6) retention rates of award recipients;

(7) completion rates of award recipients;

(8) average cumulative debt at exit or graduation; and

(9) average time to completion.

(b) Data must be disaggregated by aid program, institution, aid year, race and ethnicity, gender, ~~income,~~ socioeconomic status, family type, ~~dependency status,~~ and any other factors determined to be relevant by the commissioner, as available. The commissioner must report any additional data and outcomes relevant to the evaluation of programs administered under sections 136A.091~~ to 136A.1276~~, 136A.121, 136A.1215, 136A.1241, 136A.125, 136A.126, 136A.1274, 136A.1275, 136A.1465, and ~~136A.231 to 136A.246~~ 136A.233 as evidenced by activities funded under each program.

Sec. 8. Minnesota Statutes 2024, section 136A.091, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** To be eligible for a program stipend, a student shall:

(1) be a resident ~~of Minnesota~~ student under section 136A.101, subdivision 8;

(2) attend an eligible office-approved program;

(3) be in grades 3 through 12, but not have completed high school;

(4) meet income requirements for free or reduced-price school meals; and

(5) be 19 years of age or younger.

Sec. 9. Minnesota Statutes 2024, section 136A.091, subdivision 9, is amended to read:

Subd. 9. **Report.** Annually, the office shall submit a report ~~to the legislative committees with jurisdiction over higher education finance regarding the program providers, stipend recipients, and program activities. The report shall include information about the students served, the organizations providing services, program goals and outcomes, and student outcomes~~ in accordance with section 136A.053.

Sec. 10. Minnesota Statutes 2024, section 136A.121, subdivision 2, is amended to read:

Subd. 2. **Eligibility for grants.** (a) An applicant is eligible to be considered for a grant, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections 136A.095 to 136A.131 if the office finds that the applicant:

(1) is a resident ~~of the state of Minnesota~~ student under section 136A.101, subdivision 8;

(2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical college of choice as defined in sections 136A.095 to 136A.131;

(3) has met the financial need criteria established in Minnesota Rules;

(4) is not in default, as defined by the office, of any federal or state student educational loan;

(5) is not more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518A.69 or order for arrearages; and

(6) has not been convicted of or pled nolo contendere or guilty to a crime involving fraud in obtaining federal Title IV funds within the meaning of Code of Federal Regulations, subtitle B, chapter VI, part 668, subpart C.

(b) A student is entitled to an additional semester or the equivalent of grant eligibility if the student withdraws from enrollment:

(1) for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c;

(2) for a serious health condition, while under the care of a medical professional, that substantially limits the student's ability to complete the term; or

(3) while providing care that substantially limits the student's ability to complete the term to the student's spouse, child, or parent who has a serious health condition.

Sec. 11. **[136A.1212] FRAUD; DENIAL OF FUNDING.**

Applicants or recipients of any student aid or grant program administered under chapter 136A may be denied funding if the applicant or recipient:

(1) presents information concerning the financial aid or grant application that is false, fraudulent, misleading, deceptive, or inaccurate in a material respect;

(2) refuses to allow reasonable inspection or to supply reasonable information after a written request by the office or school has been received; or

(3) has been determined by the commissioner or judicially determined to have committed fraud or a material violation of law involving federal, state, or local government funding.

Sec. 12. Minnesota Statutes 2024, section 136A.1215, subdivision 5, is amended to read:

Subd. 5. **Reporting.** ~~By February 15 of each year, the commissioner of higher education must submit a report on the details of the program under this section to the legislative committees with jurisdiction over higher education finance and policy. The report must include the following~~

~~information, broken out by postsecondary institution:~~ Annually, the office must submit a report in accordance with section 135A.053.

~~(1) the number of students receiving an award;~~

~~(2) the average and total award amounts; and~~

~~(3) summary demographic data on award recipients.~~

Sec. 13. Minnesota Statutes 2024, section 136A.1241, subdivision 8, is amended to read:

Subd. 8. **Report.** ~~(a)~~ Annually, the office ~~shall prepare an anonymized report to be submitted annually to the chairperson and minority chairperson of the legislative committees with jurisdiction over higher education that contains:~~ must submit a report in accordance with section 136A.053.

~~(1) the number of students receiving foster grants and the institutions attended; and~~

~~(2) annual retention and graduation data on students receiving foster grants.~~

~~(b) The report required under this subdivision may be combined with other legislatively required reporting. If submitted as a separate report, the report must be submitted by January 15.~~

Sec. 14. Minnesota Statutes 2024, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident ~~of the state of Minnesota~~ student under section 136A.101, subdivision 8, or the applicant's spouse is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) has not received child care grant funds for a period of ten semesters or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate, graduate, or professional degree, diploma, or certificate;

(6) is enrolled in at least one credit in an undergraduate program or one credit in a graduate or professional program in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

(b) A student is entitled to an additional semester or equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return if the student withdraws from enrollment:

(1) for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c;

(2) for a serious health condition, while under the care of a medical professional, that substantially limits the student's ability to complete the term; or

(3) while providing care that substantially limits the student's ability to complete the term to the student's spouse, child, or parent who has a serious health condition.

Sec. 15. Minnesota Statutes 2024, section 136A.1274, subdivision 4, is amended to read:

Subd. 4. **Reporting.** ~~By February 15 of each year, the commissioner must submit a report on the details of the program under this section to the legislative committees with jurisdiction over E-12 and higher education finance and policy. The report must include the following information:~~ Annually, the office must submit a report in accordance with section 136A.053. Additionally, the report must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over E-12 finance and policy.

~~(1) the number of eligible applicants and the number of teacher candidates receiving an award, each broken down by postsecondary institution;~~

~~(2) the total number of awards, the total dollar amount of all awards, and the average award amount; and~~

~~(3) other summary data identified by the commissioner as outcome indicators.~~

Sec. 16. Minnesota Statutes 2024, section 136A.1275, subdivision 4, is amended to read:

Subd. 4. **Reporting.** ~~(a) By February 1 of each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over E-12 and higher education finance and policy. The report must include the following information:~~ Annually, the office must submit a report in accordance with section 136A.053. Additionally, the report must include

~~(1) the total number of awards, the total dollar amount of all awards, and the average award amount;~~

~~(2) the number of eligible applicants and the number of student teachers receiving an award, each broken down by postsecondary institution;~~

~~(3)~~ the licensure areas and school districts in which the student teachers taught~~;~~ and must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over E-12 finance and policy.

~~(4) other summary data identified by the commissioner as outcome indicators, including how many student teachers awarded a rural teacher grant were employed in a rural school district after graduation.~~

~~(b) By July 1 of each odd numbered year, the commissioner must update and post on the office's website a list of licensure shortage areas eligible for a grant under this section.~~

Sec. 17. Minnesota Statutes 2024, section 136A.1465, subdivision 10, is amended to read:

Subd. 10. **Report.** ~~The commissioner of higher education shall submit a preliminary report by September 1, 2025, and an annual report beginning February 15, 2026, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education, on the details of the program, including the:~~ Annually, the office must submit a report in accordance with section 136A.053.

~~(1) status of the scholarship fund; and~~

~~(2) North Star Promise participation data aggregated for each eligible institution to show the:~~

~~(i) number of eligible students who received scholarships in the prior academic year;~~

~~(ii) average and total award amounts;~~

~~(iii) summary demographic data on award recipients;~~

~~(iv) total number of students enrolled in eligible institutions in the prior academic year;~~

~~(v) retention rates of participating students; and~~

~~(vi) number of eligible students who graduated with a degree and, for each eligible student, the number of consecutive semesters and nonconsecutive semesters attended prior to graduation.~~

Sec. 18. Minnesota Statutes 2024, section 136A.233, subdivision 3, is amended to read:

Subd. 3. **Payments.** Work-study payments shall be made to eligible students by postsecondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the postsecondary institution on the basis of student financial need.

(b) ~~In selecting students for participation, priority must be given to students enrolled for at least 12 credits.~~ In each academic year, a student may be awarded work-study payments for one period of nonenrollment or less than half-time enrollment if the student will enroll on at least a half-time basis during the following academic term.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) The office shall annually establish a minimum percentage rate of student compensation to be paid by an eligible employer.

(f) ~~Each postsecondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution. However, a public employer other than the institution may not terminate, lay off, or reduce the working hours of a permanent employee for the purpose of hiring a work-study student, or replace a permanent employee who is on layoff from the same or substantially the same job by hiring a work-study student.~~

~~(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.~~

~~(h)~~ An institution may use up to 30 percent of its allocation for student internships with private, for-profit employers.

Sec. 19. Minnesota Statutes 2025 Supplement, section 136A.246, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** (a) The terms defined in this subdivision apply to this section.

(b) "Competency standard" has the meaning given in section 175.45, subdivision 2.

(c) "Eligible training" means training provided by an eligible training provider that:

(1) includes training to meet one or more identified competency standards;

(2) is instructor-led for a majority of the training or leads to an accredited certificate, diploma, or degree issued by a postsecondary institution; and

(3) results in the employee receiving an industry-recognized degree, certificate, or credential.

(d) "Eligible training provider" means an institution:

(1) operated by the Board of Trustees of the Minnesota State Colleges and Universities or the Board of Regents of the University of Minnesota;

(2) licensed or registered as a postsecondary institution by the office; or

(3) exempt from the provisions of section 136A.822 to 136A.834 or 136A.61 to 136A.71 as approved by the office.

(e) "Industry-recognized degrees, certificates, or credentials" means:

(1) accredited certificates, diplomas, or degrees issued by a postsecondary institution;

(2) registered apprenticeship certifications or certificates;

(3) occupational licenses or registrations;

(4) certifications issued by, or recognized by, industry or professional associations; and

(5) other certifications as approved by the commissioner.

Sec. 20. Minnesota Statutes 2024, section 136A.62, is amended by adding a subdivision to read:

Subd. 3b. **Institution.** "Institution" means school, as defined in this section.

Sec. 21. Minnesota Statutes 2024, section 136A.64, subdivision 1, is amended to read:

Subdivision 1. **Schools to provide information.** As a basis for registration, schools shall provide the office with such information as the office needs to determine the nature and activities of the

school, including but not limited to the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness:

(1) articles of incorporation, constitution, bylaws, or other operating documents;

(2) a duly adopted statement of the school's mission and goals;

(3) evidence of current school or program licenses granted by departments or agencies of any state;

(4) compliance audits and audited financial statements that meet the requirements of Code of Federal Regulations, title 34, section 668.23; United States Code, title 20, chapter 28, section 1094; Code of Federal Regulations, title 2, subpart A, part 200, subpart F, under 200.501 and 200.503; and United States Code, title 31, chapter 75, which shall be submitted to the office on the same schedule stated under section 136A.675, subdivision 1, paragraph (a);

(5) all current promotional and recruitment materials and advertisements; ~~and~~

(6) the current school catalog and, if not contained in the catalog:

(i) the members of the board of trustees or directors, if any;

(ii) the current institutional officers;

(iii) current full-time and part-time faculty with degrees held or applicable experience;

(iv) a description of all school facilities;

(v) a description of all current course offerings;

(vi) all requirements for satisfactory completion of courses, programs, and degrees;

(vii) the school's policy about freedom or limitation of expression and inquiry;

(viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(ix) the school's policy about refunds and adjustments;

(x) the school's policy about granting credit for prior education, training, and experience;

(xi) the school's policies about student admission, evaluation, suspension, and dismissal; and

(xii) the school's disclosure to students on the student complaint process under section 136A.672; and

(7) enrollment data by academic term or calendar period following the submission schedules in section 136A.675, subdivision 1, paragraph (b).

Sec. 22. Minnesota Statutes 2024, section 136A.65, subdivision 8, is amended to read:

Subd. 8. **Disapproval of registration; appeal.** (a) By giving written notice and reasons to the school, the office may:

(1) revoke, suspend, or refuse to renew registration;

(2) refuse approval of a school's degree; and

(3) refuse approval of the use of a regulated term in its name.

(b) Reasons for revocation or suspension of registration or approval may be for one or more of the following reasons:

(1) violating the provisions of sections 136A.61 to 136A.71;

(2) providing false, misleading, or incomplete information to the office;

(3) presenting information about the school which is false, fraudulent, misleading, deceptive, or inaccurate in a material respect to students or prospective students;

(4) refusing to allow reasonable inspection or to supply reasonable information after a written request by the office has been received;

(5) failing to have enrollment within the last two years at the school;

(6) failing to have any enrollment within two years of a program's approval, except for programs that require extensive approval processes by the United States Department of Education, or the program's institutional or programmatic accreditor; or

(7) having been ~~administratively~~ determined by the commissioner or judicially determined to have committed fraud or any other material violation of law involving federal, state, or local government funds.

(c) Any order refusing, revoking, or suspending a school's registration, approval of a school's degree, or use of a regulated term in the school's name is appealable in accordance with chapter 14. The request must be in writing and made to the office within 30 days of the date the school is notified of the action of the office. If a school has been operating and its registration has been revoked, suspended, or refused by the office, the order is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Sec. 23. Minnesota Statutes 2024, section 136A.653, subdivision 1b, is amended to read:

Subd. 1b. **Tribal colleges.** A Tribal college is exempted from the provisions of sections 136A.61 to 136A.71. A Tribal college that is exempt may voluntarily waive its ~~exception~~ exemption by registering under section 136A.63. Upon registration, the Tribal college is subject to all applicable requirements of sections 136A.61 to 136A.71.

Sec. 24. Minnesota Statutes 2024, section 136A.653, subdivision 3a, is amended to read:

Subd. 3a. **Tuition-free educational courses.** A ~~school~~ course or program, including a ~~school~~ course or program using an online platform service, offering training, courses, or programs is exempt

from sections 136A.61 to 136A.71, to the extent tuition, fees, and any other charges for a student to participate do not exceed two percent of the most recent average undergraduate tuition and required fees as of January 1 of the current year charged for full-time students at all degree-granting institutions as published annually by the United States Department of Education as of January 1 of each year. To qualify for an exemption, a school or online platform service must prominently display a notice comparable to the following: "IMPORTANT: Each educational institution makes its own decision regarding whether to accept completed coursework for credit. Check with your university or college."

Sec. 25. Minnesota Statutes 2024, section 136A.672, subdivision 5, is amended to read:

Subd. 5. **Appeals.** Any order requiring remedial action by the school or assigning a penalty under section 136A.705 is appealable in accordance with chapter 14. The request for an appeal must be made in writing to the office within 30 days of the date the school is notified of the action of the office. The court shall award costs and reasonable attorney fees in a contested chapter 14 hearing to the office if~~: (1)~~ the office substantially prevails on the merits in an action brought under this section~~; and (2) the school has a net income from student tuition, fees, and other required institutional charges collected from the last fiscal year of $1,000,000 or greater~~.

Sec. 26. Minnesota Statutes 2024, section 136A.675, subdivision 1, is amended to read:

Subdivision 1. **Standard development and usage.** (a) To screen and detect whether an institution may not be financially or administratively responsible, the office shall ~~develop~~ use financial and nonfinancial indicators. The ~~development of~~ financial and nonfinancial indicators shall use industry standards as guidance.

(b) Annually, the office must provide a copy of the financial and nonfinancial indicators to each registered institution and post a list of reviewed indicators on the office website.

(c) The office shall use regularly reported data submitted to the federal government or other regulatory or accreditation agencies wherever possible.

(d) The office must use the indicators in this subdivision to identify institutions at potential risk of being unable to meet the standards established under sections 136A.646; 136A.64, subdivision 3; 136A.65, subdivisions 1a and 4, paragraph (a), clauses (1), (2), (3), and (7); and 136A.685 and thus unlikely to meet its financial obligations or complete its academic terms for the next 18 months.

Sec. 27. Minnesota Statutes 2024, section 136A.675, is amended by adding a subdivision to read:

Subd. 1a. **Institutional reporting schedules for audits and enrollment data.** (a) An institution must submit to the office the required audit reports under section 136A.64, subdivision 1, clause (4), by the earlier of 30 days after the issuance date of an audit or nine months after the last day of the institution's fiscal year.

(b) An institution must submit to the office the enrollment data required under section 136A.64, subdivision 1, clause (7), using one of the two following schedules:

(1) a school with limited program start dates within its academic year shall provide the office with a copy of the school's internal enrollment report for each academic term as soon as it is released internally. The school may provide the report with no additional data or required calculations; or

(2) a school with multiple or rolling program start dates must provide enrollment data to the office at least four times per year. Each school must determine four reporting dates per year that would result in the most useful data being provided to the office and must provide the office with the school's proposed enrollment reporting schedule.

Sec. 28. Minnesota Statutes 2025 Supplement, section 136A.82, subdivision 1, is amended to read:

Subdivision 1. **Policy.** The legislature has found and hereby declares that the availability of legitimate ~~vocational~~ programs offered by responsible nonprofit and for-profit private career schools are in the best interests of the people of this state. The legislature has found and declares that the state can provide assistance and protection for persons choosing ~~vocational~~ programs by establishing policies and procedures to ensure the authenticity and legitimacy of ~~vocational~~ programs offered by nonprofit and for-profit private career schools. The legislature has found and declares that this same policy applies to any nonprofit and for-profit private career schools located in another state or country that offers or makes available to a Minnesota resident any ~~vocational~~ program which does not require leaving the state for its completion.

Sec. 29. Minnesota Statutes 2025 Supplement, section 136A.821, subdivision 5, is amended to read:

Subd. 5. **Private career school.** "Private career school" means a person who maintains a physical presence for any program at less than an associate degree level. Except for those required to obtain a license exclusively to participate in state financial aid or be listed on the eligible training provider list, access WIOA funding, or receive the dual training grant, private career school does not extend to:

(1) public postsecondary institutions with a physical presence in Minnesota;

(2) postsecondary institutions registered under sections 136A.61 to 136A.71;

(3) postsecondary institutions exempt from registration under section 136A.653, subdivisions 1b, 2, 3, and 3a; 136A.657; or 136A.658 due to the nature of the institution's programs;

(4) ~~schools~~ persons, programs, or courses exclusively engaged in training physically or mentally disabled persons;

(5) persons, programs, or courses taught to students in an apprenticeship program registered by the United States Department of Labor or Minnesota Department of Labor and taught by or required by a trade union in which students are not responsible for tuition, fees, or any other charges, regardless of payment or reimbursement method;

(6) persons, programs, or courses contracted by persons or government agencies for the training of their own employees for which no fee is charged to the employee, regardless of whether that fee is reimbursed by the employer or a third party after the employee successfully completes the training~~,~~

~~except for institutions or programs required to obtain a limited license exclusively to receive the dual training grant~~;

(7) ~~schools~~ persons, programs, or courses with no physical presence in Minnesota engaged exclusively in offering distance programs that are located in and approved by other states or jurisdictions if the distance education program does not include internships, externships, field placements, or clinical placements for residents of Minnesota;

(8) ~~schools~~ persons, programs, or courses licensed or approved by other state boards or agencies authorized under Minnesota law to issue licenses for institutions or programs~~, except for institutions or programs required to be licensed exclusively to participate in state financial aid or be listed on the eligible training provider list, access WIOA funding, or receive the dual training grant~~;

(9) ~~review classes, courses, or~~ persons, programs, or courses intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing, certification, or entrance examinations;

(10) ~~classes, courses, or~~ persons, programs, or courses conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership and not available to the public. In making the determination that the organization is bona fide, the office may request the school provide three certified letters from persons that qualify as evaluators under section 136A.828, subdivision 3, paragraph (l), that the organization is recognized in Minnesota;

(11) persons, programs in the fine arts provided by organizations, or courses that are exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale, vocational or career advancement, or employment; or

(12) ~~classes, courses, or~~ persons, programs, or courses intended to fulfill the continuing education requirements for a bona fide licensure or certification in a profession that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession or by an industry-specific certification entity and that are offered exclusively to individuals with the professional licensure or certification.

Sec. 30. Minnesota Statutes 2024, section 136A.821, subdivision 13, is amended to read:

Subd. 13. **Compliance audit.** "Compliance audit" means an audit of a private career school's ~~compliance with federal requirements related to its participation in federal Title IV student aid programs or other federal grant programs performed under either Uniform Grant Guidance, including predecessor Federal Circular A-133, or the United States Department of Education's audit guide, Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers~~ administration of federal money conducted by a certified public accountant or federal auditor to determine if the school is adhering to applicable laws, regulations, and other grant conditions as required by Code of Federal Regulations, title 2, subtitle A, chapter II, part 200.

Sec. 31. Minnesota Statutes 2024, section 136A.821, subdivision 16, is amended to read:

Subd. 16. ~~**Audited**~~ **Financial statements audit report.** "~~Audited~~ Financial statements audit report" means the ~~financial statements of an entity or higher-level entity that have been examined by a certified public accountant or an equivalent government agency for public entities that include (1) an auditor's report, a statement of financial position, an income statement, a statement of cash flows, and notes to the financial statements or (2) the required equivalents for public entities as determined by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the Securities and Exchange Commission~~ result of a service provided by a certified public accountant or federal auditor that conducts a comprehensive and independent examination of the entity's financial statements as defined in Code of Federal Regulations, title 34, section 668.23(d). If an entity's own financial statements audit report is subsequently consolidated into a higher-level entity's financial statements audit report, financial statements audit report can refer to both the entity's own report and the higher-level entity's consolidated report in accordance with Code of Federal Regulations, section 668.23(d)(2).

Sec. 32. Minnesota Statutes 2024, section 136A.821, subdivision 17, is amended to read:

Subd. 17. ~~**Review-level engagement**~~ **Compilation report.** ~~"Review-level engagement" means a service performed by a certified public accountant that provides limited assurance that there are no material modifications that need to be made to an entity's financial statements in order for them to conform to generally accepted accounting principles. Review-level engagement provides fewer assurances than those reported under audited financial statements~~ "Compilation report" means the result of an accounting service provided by a certified public accountant to organize financial information provided by a client into professionally formatted financial statements. A compilation report provides no assurances about the financial statements, unlike those provided in a financial statements audit report.

Sec. 33. Minnesota Statutes 2025 Supplement, section 136A.821, subdivision 21, is amended to read:

Subd. 21. ~~**Vocational**~~ **Institution or school.** ~~"Vocational" means education or training for skills used in the labor market~~ "Institution" or "school" means a private career school or distance education private career school, as defined in this section.

Sec. 34. Minnesota Statutes 2024, section 136A.822, subdivision 4, is amended to read:

Subd. 4. **Application.** Application for a license shall be on forms prepared and furnished by the office, and shall include the following and other information as the office may require:

(1) the title or name of the private career school, ownership and controlling officers, members, managing employees, and director;

(2) the specific programs which will be offered ~~and the specific purposes of the instruction~~;

(3) the place or places where the instruction will be given;

(4) a listing of the equipment available for instruction in each program;

(5) the maximum enrollment to be accommodated with equipment available in each specified program;

(6) the qualifications of instructors and supervisors in each specified program;

(7) financial documents related to the entity's and higher-level entity's most recently completed fiscal year~~:~~, including a federal income tax return and, in accordance with the table below, one or more of the following: a financial statements audit report, compliance audit report, or compilation report. An applicant with financial statements that are consolidated into a higher-level entity's financial statements must include the consolidated financials of the higher-level entity with the documents listed in each row of the table except for the final row. If not stated in the financial statements audit report, compliance audit report, or compilation report, the entity must include a statement providing the total gross tuition and fee revenues associated with the programs and the total amount of institutional discounts and aid provided to students in the programs.

~~(i) annual gross revenues from all sources;~~

~~(ii) financial statements subjected to a review-level engagement or, if requested by the office, audited financial statements;~~

~~(iii) a school's most recent compliance audit, if applicable; and~~

~~(iv) a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;~~

An entity or higher-level entity subject to fluctuating levels of total gross revenues must continue to submit the required financial documents according to the requirements under items (i) to (vi) even if the most current fiscal year's total gross revenues move the entity or higher-level entity into a different category. If an entity or higher-level entity continues to experience a change in total gross revenues for two consecutive fiscal years, the office must notify the entity that the entity will be subject to the documentation requirements under items (i) to (vi) for the next annual licensing application cycle. If, for the most recently completed fiscal year, the applicant or renewal applicant:

(i) is required by federal or other external entities to have both a financial statements audit and a compliance audit, the applicant must submit the financial statements audit report and the compliance audit report, which may be combined in one document;

(ii) is required by federal or other external entities to have a financial statements audit, but not a compliance audit, the applicant must submit the financial statements audit report;

(iii) is not required to have a financial statements audit, but elects to have one, the applicant must submit the financial statements audit report;

(iv) does not fall into a prior category but had gross annual revenues from all sources in the most recently completed fiscal year of $5,000,000 or more and the office requires the applicant to have a financial statements audit, the applicant must submit the financial statement audit report. If the applicant is a nonprofit entity, the applicant must also include the completed Federal Form 990 tax return for the most recently completed fiscal year;

(v) does not fall into a prior category but had gross annual revenues from all sources in the most recently completed fiscal year of $250,000 or more but less than $5,000,000 and the office requires the applicant to have a compilation engagement, the applicant must submit the compilation report,

including footnotes for a debt repayment schedule and other material items. If the applicant is a nonprofit entity, the applicant must also include the completed Federal Form 990 tax return for the most recently completed fiscal year; or

(vi) does not fall into a prior category but had gross annual revenues from all sources in the most recently completed fiscal year of less than $250,000, the applicant must submit (A) depending on the ownership or corporate organization, the applicant's federal income tax return; and (B) if the net income flows through to the owners' personal federal tax returns, a copy of each owner's personal federal tax return. In addition to the tax return information, an applicant must provide a balance sheet dated as of the last day of the most recently ended fiscal year;

(8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by the private career school; and

(9) copies of all Minnesota enrollment agreement forms and contract forms and all enrollment agreement forms and contract forms used in Minnesota~~; and~~.

~~(10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges.~~

Sec. 35. Minnesota Statutes 2025 Supplement, section 136A.822, subdivision 6, is amended to read:

Subd. 6. **Bond.** (a) No license shall be issued to any private career school with a physical presence within the state of Minnesota for any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b) The amount of the surety bond shall be ten percent of the preceding year's net revenue from student tuition, fees, and other required institutional charges collected, ~~but in no event less than $10,000,~~ except that a private career school ~~may~~ must deposit a greater amount at ~~its own~~ the office's discretion. A private career school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision. A private career school that operates at two or more locations may combine net revenue from student tuition, fees, and other required institutional charges collected for all locations for the purpose of determining the annual surety bond requirement. The net revenue from tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota. In the case of an entity applying for an initial license where no history of revenues from student tuition, fees, or other required institutional charges, the amount of the bond must be ten percent of the total amount of tuition, fees, and other required institutional charges anticipated in the entity's first year of operation, based on a calculation of total student tuition, fees, and other required institutional charges multiplied by the maximum student enrollment in one academic year.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited

by the private career school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a private career school to post and maintain the required surety bond or deposit under paragraph (d) may result in denial, suspension, or revocation of the school's license.

Sec. 36. Minnesota Statutes 2025 Supplement, section 136A.822, subdivision 8, is amended to read:

Subd. 8. **Minimum standards.** A license shall be issued if the office first determines:

(1) that the applicant has a sound financial condition with sufficient resources available to:

(i) meet the private career school's financial obligations;

(ii) refund all tuition and other charges, within 60 days, in the event of dissolution of the private career school or in the event of any justifiable claims for refund against the private career school by the student body;

(iii) provide adequate service to its students and prospective students; and

(iv) maintain and support the private career school;

(2) that the applicant has satisfactory facilities with sufficient tools and equipment and the necessary number of work stations to prepare adequately the students currently enrolled, and those proposed to be enrolled;

(3) that the applicant employs a sufficient number of qualified teaching personnel to provide the educational programs contemplated;

(4) that the private career school has an organizational framework with administrative and instructional personnel to provide the programs and services it intends to offer;

(5) that the quality ~~and content~~ of each occupational course or program of study provides education and adequate preparation to enrolled students for entry level positions in the occupation for which prepared, <u>based on minimum standards for employment in the field, learning outcomes, assessment mechanisms, and clear structure of the curriculum</u>;

(6) that the premises and conditions where the students work and study and the student living quarters which are owned, maintained, recommended, or approved by the applicant are sanitary, healthful, and safe~~, as evidenced by certificate of occupancy issued by the municipality or county where the private career school is physically situated, a fire inspection by the local or state fire marshal, or another verification deemed acceptable by the office~~;

(7) that the contract or enrollment agreement used by the private career school complies with the provisions in section 136A.826;

(8) that contracts and agreements do not contain a wage assignment provision or a confession of judgment clause;

(9) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the private career school or its owner, officers, agents, or sponsoring organization;

(10) that the private career school or its owners, officers, agents, or sponsoring organization has not had a license revoked under section 136A.829 or its equivalent in other states or has closed the institution prior to all students, enrolled at the time of the closure, completing their program within two years of the effective date of the revocation; and

(11) that the school includes a joint and several liability provision for torts and compliance with the requirements of sections 136A.82 to 136A.834 in any contract effective after July 1, 2026, with any individual, entity, or postsecondary school located in another state for the purpose of providing educational or training programs or awarding postsecondary credits to Minnesota residents that may be applied to a program.

Sec. 37. Minnesota Statutes 2024, section 136A.822, subdivision 10, is amended to read:

Subd. 10. **Catalog, brochure, or electronic display.** Before a license is issued to a private career school, the private career school shall furnish to the office a catalog, brochure, or electronic display including~~:~~ all required information to students under section 136A.826.

~~(1) identifying data, such as volume number and date of publication;~~

~~(2) name and address of the private career school and its governing body and officials;~~

~~(3) a calendar of the private career school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;~~

~~(4) the private career school policy and regulations on enrollment including dates and specific entrance requirements for each program;~~

~~(5) the private career school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;~~

~~(6) the private career school policy and regulations about standards of progress for the student including the grading system of the private career school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the private career school, and conditions of reentrance for those dismissed for unsatisfactory progress;~~

~~(7) the private career school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;~~

~~(8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;~~

~~(9) the private career school policy and regulations, including an explanation of section 136A.827, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;~~

~~(10) a description of the available facilities and equipment;~~

~~(11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;~~

~~(12) the private career school policy and regulations about granting credit for previous education and preparation;~~

~~(13) a notice to students relating to the transferability of any credits earned at the private career school to other institutions;~~

~~(14) a procedure for investigating and resolving student complaints;~~

~~(15) the name and address of the office; and~~

~~(16) the student complaint process and rights under section 136A.8295.~~

~~A private career school that is exclusively a distance education school is exempt from clauses (3) and (5).~~

Sec. 38. Minnesota Statutes 2024, section 136A.822, subdivision 12, is amended to read:

Subd. 12. **Permanent student records.** (a) A private career school or a distance education private career school licensed under sections 136A.82 to 136A.834 and located in Minnesota shall maintain a ~~permanent~~ student record for each student for 50 years from the last date of the student's attendance. ~~A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance~~ The private career school or distance education private career school may choose to reduce the amount of time the school maintains a student record to no less than 20 years if the entity sends the permanent student record to the office to hold for the remainder of the duration the student records are required to be maintained. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance.

(b) A private career school or distance education private career school licensed under sections 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent student record required for professional licensure in Minnesota for each student for ten years from the last date of the student's attendance or the number of years required by an institutional or programmatic accreditor, whichever is greater. ~~A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain records required for professional licensure in Minnesota that are not included in paragraph (a) for each Minnesota student for ten years from the last date of~~

~~the student's attendance or the number of years required by an institutional or programmatic accreditor, whichever is greater.~~

(c) To preserve permanent student records, a private career school shall submit a plan that meets the following requirements:

(1) ~~at least one copy of the records must be held in a secure, fireproof depository;~~

~~(2)~~ an appropriate official must be designated to provide a student with copies of records or a transcript upon request; and

~~(3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the private career school ceases to exist; and~~

~~(4)~~ (2) a continuous surety bond or irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed $20,000 if the private career school has no binding agreement approved by the office, for preserving student records. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 39. Minnesota Statutes 2025 Supplement, section 136A.822, subdivision 13, is amended to read:

Subd. 13. **Limited license.** (a) Unless otherwise exempt under sections 136A.82 to 136A.834:

(1) a private career school licensed by another state agency or board must be required to obtain a limited license to participate in state financial aid; and

(2) a private career school exclusively seeking to be listed on the eligible training provider list, access WIOA funding, or receive the dual training grant shall be required to obtain a limited license.

(b) A private career school seeking a limited license under this subdivision shall be required to satisfy ~~only~~ the requirements of subdivisions 4, clauses (1), (2), and (3)~~, (7), (8), (9), and (10)~~; 5; 8, clauses (1), ~~(4), (7), (8),~~ (9), and (10); ~~9; 10; 11;~~ and 12. If requested by the office, a private career school seeking a limited license under this subdivision must satisfy the requirements of subdivisions 4, clauses (7), (8), (9), and (10); 8, clauses (4), (7), and (8); 9; 10; and 11. If a private career school is licensed to participate in state financial aid under this chapter, the private career school must follow the refund policy in section 136A.827, even if that section conflicts with the refund policy of the licensing agency or board. A distance education private career school located in another state, or a distance education private career school licensed to recruit Minnesota residents for attendance at a distance education private career school outside of this state, or a distance education private career school licensed by another state agency as its primary licensing body, may continue to use the distance education private career school's name as permitted by its home state or its primary licensing body.

Sec. 40. Minnesota Statutes 2024, section 136A.822, is amended by adding a subdivision to read:

Subd. 14. **Data privacy.** (a) Financial records submitted by private career schools are nonpublic data, as defined in section 13.02, subdivision 9.

(b) Accreditation records and reports submitted by private career schools are nonpublic data, as defined in section 13.02, subdivision 9.

(c) The office may disclose data that is classified as not public data under this subdivision for the purpose of defending the office's decision to approve or not approve a program or institution, or take any other action under sections 136A.82 to 136A.833, in connection with a legal or administrative proceeding, or pursuant to a subpoena or judicial warrant.

Sec. 41. Minnesota Statutes 2024, section 136A.823, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) Application for renewal of a license must be made at least 60 days, other than the exception in paragraph (b), before expiration of the current license on a form provided by the office. A renewal application shall be accompanied by a nonrefundable fee as provided in section 136A.824 that is sufficient to recover, but does not exceed, the administrative costs of the office.

(b) The financial documents listed in section 136A.822, subdivision 4, clause (7), required to be submitted to the office as part of a renewal application, shall be submitted according to the following schedule:

(1) the financial statements audit reports, compliance audit reports, and compilation reports, by the earlier of 30 days after the issuance date of each report or nine months after the last day of the entity's or higher-level entity's fiscal year; or

(2) for federal tax returns and stand-alone balance sheets, by the earlier of 30 days after the federal tax return is completed or one week following the last day of a federal filing extension period that is usually six months in length.

Sec. 42. Minnesota Statutes 2024, section 136A.823, subdivision 3, is amended to read:

Subd. 3. **Change of ownership.** Within 30 days of a change of ownership, a school must submit a registration renewal application, the information and materials for an initial registration under section 136A.822, subdivision 4, and the applicable registration fees for a new institution under section 136A.824, subdivision 1. For purposes of this subdivision, "change of ownership" means: a merger or consolidation with a ~~corporation~~ separate entity or higher-level entity; a sale, lease, exchange, or other disposition of all or substantially all of the assets of a school; the transfer of a controlling interest of at least 51 percent of the school's stock; entering into receivership; or a change in the nonprofit or for-profit status of a school.

Sec. 43. Minnesota Statutes 2024, section 136A.826, subdivision 1, is amended to read:

Subdivision 1. **Catalog, brochure, or electronic display.** (a) A private career school or its agent must provide the catalog, brochure, or electronic display required in this section ~~136A.822, subdivision 10,~~ to a prospective student in a time or manner that gives the prospective student at least five days to read the catalog, brochure, or electronic display before signing a contract or

enrollment agreement or before being accepted by a private career school that does not use a written contract or enrollment agreement.

(b) A catalog, brochure, or electronic display must include, at a minimum:

(1) identifying data, such as volume number or date of publication;

(2) name, address, governing body, and names of senior officials;

(3) an academic calendar showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

(4) the policy and regulations on enrollment including dates and specific entrance requirements for each program;

(5) the policy and regulations regarding leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(6) the policy and regulations regarding standards of progress for the student including the grading system of the private career school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the private career school, and conditions of reentrance for those dismissed for unsatisfactory progress;

(7) the policy and regulations regarding student conduct and conditions for dismissal for unsatisfactory conduct;

(8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) the policy and regulations, including an explanation of section 136A.827, regarding refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;

(10) a description of the available facilities and equipment;

(11) a course outline or syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;

(12) the policy and regulations regarding granting credit for previous education and preparation;

(13) a notice to students relating to the transferability of any credits earned; or

(14) a procedure for investigating and resolving student complaints and the rights of the student under section 136A.8295.

Sec. 44. Minnesota Statutes 2024, section 136A.827, subdivision 1, is amended to read:

Subdivision 1. **Student.** For the purposes of this section, "student" means the party to the contract, whether the party is the student, the student's parent or guardian, or other person on behalf of the student. If there is no contract, student means the party who has been accepted into the course or program.

Sec. 45. Minnesota Statutes 2024, section 136A.827, subdivision 4, is amended to read:

Subd. 4. **Proration.** (a) When a student has been accepted by a private career school and gives notice of cancellation after the program of instruction has begun, the student is entitled to a refund if, at the last documented date of attendance, the student has not completed at least 75 percent of the entire program of instruction. For purposes of this subdivision, program of instruction is calculated under paragraph (c) or (d). Program of instruction does not mean one term, a payment period, a module, or any other portion of the entire instructional program.

(b) A notice of cancellation from a student under this subdivision must be confirmed in writing by the private career school and mailed to the student's last known address. The confirmation from the school must state that the school has withdrawn the student from enrollment~~, and if this action was not the student's intent, the student must contact the school~~.

(c) The length of a program of instruction for a program that has a defined calendar start and end date that does not change after the program has begun equals the number of days from the first scheduled date of the program through the last scheduled date of the program. To calculate the completion percentage, divide the number of calendar days from the first date of the program through the student's last documented date of attendance by the length of the program of instruction, and truncate the result after the second digit following the decimal point. If the completion percentage is less than 75 percent, the private career school may retain:

(1) tuition, fees, and charges equal to the total of tuition, fees, and charges multiplied by the completion percentage; plus

(2) the initial program application fees, not to exceed $50; plus

(3) the lesser of (i) 25 percent of the total tuition, or (ii) $100.

(d) The length of a program of instruction for a program that is measured in clock hours equals the number of clock hours the student was scheduled to attend. To calculate the completion percentage, divide the number of clock hours that the student actually attended by the length of the program of instruction, and truncate the result after the second digit following the decimal point. If the completion percentage is less than 75 percent, the private career school may retain:

(1) tuition, fees, and charges equal to the total of tuition, fees, and charges multiplied by the completion percentage; plus

(2) the initial program application fees, not to exceed $50; plus

(3) the lesser of (i) 25 percent of the total tuition, or (ii) $100.

Sec. 46. Minnesota Statutes 2024, section 136A.828, subdivision 6, is amended to read:

Subd. 6. ~~**Financial aid payments**~~ **Transcripts.** ~~(a) All private career schools must collect, assess, and distribute funds received from loans or other financial aid as provided in this subdivision.~~

~~(b) Student loans or other financial aid funds received from federal, state, or local governments or administered in accordance with federal student financial assistance programs under title IV of the Higher Education Act of 1965, as amended, United States Code, title 20, chapter 28, must be collected and applied as provided by applicable federal, state, or local law or regulation.~~

~~(c) Student loans or other financial aid assistance received from a bank, finance or credit card company, or other private lender must be collected or disbursed as provided in paragraphs (d) and (e).~~

~~(d) Loans or other financial aid payments for amounts greater than $3,000 must be disbursed:~~

~~(1) in two equal disbursements, if the term length is more than four months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class with the remainder to be disbursed halfway through the term; or~~

~~(2) in three equal disbursements, if the term length is more than six months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class, one-third of the way through the term, and two-thirds of the way through the term.~~

~~(e) Loans or other financial aid payments for amounts less than $3,000 may be disbursed as a single disbursement on the first day a student attends class, regardless of term length.~~

~~(f) No private career school may enter into a contract or agreement with, or receive any money from, a bank, finance or credit card company, or other private lender, unless the private lender follows the requirements for disbursements provided in paragraphs (d) and (e).~~

~~(g)~~ No private career school may withhold an official transcript for arrears or default on any loan made by the private career school to a student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b).

Sec. 47. Minnesota Statutes 2024, section 136A.829, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** The office may, after notice and upon providing an opportunity for a hearing~~,~~ under chapter 14 if requested by the parties adversely affected, refuse to issue, refuse to renew, revoke, or suspend a license or solicitor's permit for any of the following grounds:

(1) violation of any provisions of sections 136A.821 to 136A.833 or any rule adopted by the office;

(2) furnishing to the office false, misleading, or incomplete information;

(3) presenting to prospective students information relating to the private career school that is false, fraudulent, deceptive, substantially inaccurate, or misleading;

(4) refusal to allow reasonable inspection or supply reasonable information after written request by the office;

(5) having been ~~administratively~~ determined by the commissioner or judicially determined to have committed fraud or any other material violation of law involving federal, state, or local government funds;

(6) the existence of any circumstance that would be grounds for the refusal of an initial or renewal license under section 136A.822; or

(7) using fraudulent or coercive practices, whether in the course of business in this state or elsewhere.

Sec. 48. Minnesota Statutes 2024, section 136A.829, subdivision 3, is amended to read:

Subd. 3. **Powers and duties.** The office shall have (in addition to the powers and duties now vested therein by law) the following powers and duties:

(a) To negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the office such agreements are or will be helpful in effectuating the purposes of Laws 1973, chapter 714;

(b) To grant conditional private career school license ~~for periods of less than one year~~ if in the judgment of the office correctable deficiencies exist at the time of application and when ~~refusal to issue private career school license would adversely affect currently enrolled students~~ the risk of harm to students can be minimized through the use of restrictions and requirements as conditions of the license. Conditional licenses may include requirements and restrictions for:

(1) periodic monitoring and submission of reports on the school's deficiencies to ascertain whether compliance improves;

(2) periodic collaborative consultations with the school on noncompliance with sections 136A.82 to 136A.834 or how the institution is managing compliance;

(3) the submission of contingency plans such as teach-out plans or transfer pathways for students;

(4) a prohibition from accepting tuition and fee payments prior to the add-drop period of the current period of instruction or before the funding has been earned by the school according to the refund requirements of section 136A.827;

(5) a prohibition from enrolling new students;

(6) enrollment caps;

(7) the initiation of alternative processes and communications with students enrolled at the school to notify students of deficiencies or probation status;

(8) the submission of a surety under section 136A.822, subdivision 6, paragraph (b), that exceeds ten percent of the preceding year's net revenue from student tuition, fees, and other required institutional charges collected; or

(9) submission of closure information under section 136A.8225;

(c) The office may upon its own motion, and shall upon the verified complaint in writing of any person setting forth fact which, if proved, would constitute grounds for refusal or revocation under Laws 1973, chapter 714, investigate the actions of any applicant or any person or persons holding or claiming to hold a license or permit. However, before proceeding to a hearing on the question of whether a license or permit shall be refused, revoked or suspended for any cause enumerated in subdivision 1, the office shall grant a reasonable time to the holder of or applicant for a license or permit to correct the situation. If within such time the situation is corrected and the private career school is in compliance with the provisions of sections 136A.82 to 136A.834, no further action leading to refusal, revocation, or suspension shall be taken.

~~(d) To grant a private career school a probationary license for periods of less than three years if, in the judgment of the office, correctable deficiencies exist at the time of application that need more than one year to correct and when the risk of harm to students can be minimized through the use of restrictions and requirements as conditions of the license. Probationary licenses may include requirements and restrictions for:~~

~~(1) periodic monitoring and submission of reports on the school's deficiencies to ascertain whether compliance improves;~~

~~(2) periodic collaborative consultations with the school on noncompliance with sections 136A.82 to 136A.834 or how the institution is managing compliance;~~

~~(3) the submission of contingency plans such as teach-out plans or transfer pathways for students;~~

~~(4) a prohibition from accepting tuition and fee payments prior to the add/drop period of the current period of instruction or before the funds have been earned by the school according to the refund requirements of section 136A.827;~~

~~(5) a prohibition from enrolling new students;~~

~~(6) enrollment caps;~~

~~(7) the initiation of alternative processes and communications with students enrolled at the school to notify students of deficiencies or probation status;~~

~~(8) the submission of a surety under section 136A.822, subdivision 6, paragraph (b), clause (1), that exceeds ten percent of the preceding year's net revenue from student tuition, fees, and other required institutional charges collected; or~~

~~(9) submission of closure information under section 136A.8225.~~

Sec. 49. Minnesota Statutes 2024, section 136A.8295, subdivision 5, is amended to read:

Subd. 5. **Appeals.** Any order requiring remedial action by the school or assigning a penalty under section 136A.832 is appealable in accordance with chapter 14. The request for an appeal must be made in writing to the office within 30 days of the date the school is notified of the action of the office. The court shall award costs and reasonable attorney fees in a contested chapter 14 hearing to the office if~~: (1)~~ the office substantially prevails on the merits in an action brought under this

section~~; and (2) the school has a net income from student tuition, fees, and other required institutional charges collected from the last fiscal year of $1,000,000 or greater~~.

Sec. 50. Minnesota Statutes 2024, section 136A.83, is amended to read:

**136A.83 INSPECTION.**

(a) The office or a delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any private career school or applicant for license at any reasonable time. ~~The office may require the submission of audited financial statements.~~ The office or a delegate may inspect the financial books and records of the private career school. In no event shall such financial information be used by the office to regulate or set the tuition or fees charged by the private career school.

(b) Data obtained from an inspection of the financial records of a private career school or submitted to the office as part of a license application or renewal are nonpublic data as defined in section 13.02, subdivision 9. Data obtained from inspections may be disclosed to other members of the office, to law enforcement officials, or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

Sec. 51. Minnesota Statutes 2025 Supplement, section 136A.833, subdivision 1, is amended to read:

Subdivision 1. **Application for exemptions.** (a) A school that seeks an exemption from the provisions of sections 136A.822 to 136A.834 for the school and all of its programs or some of its programs must apply to the office to establish that the school or program meets the requirements of an exemption. An exemption for the school or program expires two years from the date of approval or when a school ~~adds a new program or~~ makes a modification ~~equal to or greater than 25 percent to an existing educational program~~ that brings the school or program outside the scope of the school's or program's exemption. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires. If a school fails to apply within 90 days of expiration or any change that would bring the school or program outside the scope of the school's or program's exemption, the school is subject to fees and penalties under sections 136A.831 and 136A.832. This exemption shall not extend to any school that uses any publication or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school or its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment. Exemptions denied under this section are subject to appeal under section 136A.829. If an appeal is initiated, the denial of the exemption is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

(b) A school that meets any of the exemptions in this section and exclusively seeks to be listed on the eligible training provider list, access WIOA funding, or receive the dual training grant, is exempt from sections 136A.822 to 136A.834, except the school must satisfy the requirements of section 136A.822, subdivisions 4, clauses (1), (2), and (3); 8, clauses (9) and (10); 10, clause (8); and 12.

Sec. 52. Minnesota Statutes 2024, section 136G.03, subdivision 30, is amended to read:

Subd. 30. **Qualified higher education expenses.** "Qualified higher education expenses" means expenses as defined in ~~section~~ sections 529(c)(7), (8), and (9); 529(e)(3); and 529(f) of the Internal Revenue Code.

Sec. 53. Minnesota Statutes 2024, section 136G.03, subdivision 31, is amended to read:

Subd. 31. **Qualified rollover distribution.** "Qualified rollover distribution" means a distribution that qualifies as a rollover under section 529(c)(3)(C) and (E) of the Internal Revenue Code.

Sec. 54. Minnesota Statutes 2024, section 136G.03, is amended by adding a subdivision to read:

Subd. 35. **Uncashed distribution check.** "Uncashed distribution check" means any distribution check generated by an account owner's request regardless of the payee that remains uncashed by the payee for at least 180 days.

Sec. 55. Minnesota Statutes 2024, section 136G.05, subdivision 10, is amended to read:

Subd. 10. **Data.** Account owner data, account data, and data on beneficiaries of accounts are private data on individuals or nonpublic data as defined in section 13.02, except that the names and addresses of the beneficiaries of accounts that receive matching grants are public. The office may use data received under this chapter to share information with account owners about the office's other programs and resources including those that describe the process to pay for postsecondary education.

Sec. 56. Minnesota Statutes 2024, section 136G.13, is amended by adding a subdivision to read:

Subd. 6. **Handling of uncashed distribution checks.** Unless otherwise directed by the office, the plan administrator must mark an uncashed distribution check as no longer outstanding and must credit back the amount of the check to the account owner's account from which the check was originally disbursed. The amount being credited must be accounted for as a new contribution and will be invested by the plan administrator according to the current instructions on file from the account owner.

Sec. 57. Minnesota Statutes 2024, section 137.0246, is amended by adding a subdivision to read:

Subd. 3. **Governor appointments.** If the joint legislative committee recommends a candidate to the joint convention for a vacancy on the Board of Regents of the University of Minnesota and the legislature does not elect a person to fill the vacancy, the governor, in making an appointment to fill the vacancy, may only appoint a candidate recommended by the joint legislative committee.

Sec. 58. Minnesota Statutes 2024, section 137.39, is amended by adding a subdivision to read:

Subd. 2a. **Prohibition on curriculum control.** The Board of Regents of the University of Minnesota and the medical school are requested to prohibit any for-profit entity from developing, managing, or controlling curriculum taught at the medical school. Nothing in this subdivision prevents an individual from teaching at the medical school if the individual is also employed by a for-profit entity.

Sec. 59. Minnesota Statutes 2024, section 137.39, is amended by adding a subdivision to read:

Subd. 2b. **Reporting.** By February 15 of each odd-numbered year, the Board of Regents of the University of Minnesota is requested to submit a report on medical school curriculum to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education. At a minimum, the report must include information regarding for-profit entity funds used to:

(1) pay salaries of teaching faculty;

(2) support new or existing courses offered by the medical school; and

(3) support initiatives of the medical school.

Sec. 60. **REPEALER.**

Minnesota Statutes 2024, sections 124D.09, subdivision 10a; 136A.827, subdivisions 1b and 2; 136G.03, subdivision 11; and 136G.09, subdivision 10, are repealed."

Delete the title and insert:

"A bill for an act relating to higher education; modifying student aid reporting requirements; modifying American Indian Scholars program eligibility; modifying provisions related to private career schools; modifying provisions related to private and out-of-state public postsecondary institutions; expanding eligibility for paid blood donation leave to include employees of the Minnesota State Colleges and Universities; requiring postsecondary institutions to provide priority registration for pregnant and parenting students; limiting the governor's appointment power to fill vacancies on the Board of Regents of the University of Minnesota; requesting the University of Minnesota prohibit for-profit control of medical school curriculum; modifying postsecondary attainment goal; requiring reports; amending Minnesota Statutes 2024, sections 43A.187; 135A.012; 135A.121, subdivision 2; 136A.053; 136A.091, subdivisions 2, 9; 136A.121, subdivision 2; 136A.1215, subdivision 5; 136A.1241, subdivision 8; 136A.125, subdivision 2; 136A.1274, subdivision 4; 136A.1275, subdivision 4; 136A.1465, subdivision 10; 136A.233, subdivision 3; 136A.62, by adding a subdivision; 136A.64, subdivision 1; 136A.65, subdivision 8; 136A.653, subdivisions 1b, 3a; 136A.672, subdivision 5; 136A.675, subdivision 1, by adding a subdivision; 136A.821, subdivisions 13, 16, 17; 136A.822, subdivisions 4, 10, 12, by adding a subdivision; 136A.823, subdivisions 1, 3; 136A.826, subdivision 1; 136A.827, subdivisions 1, 4; 136A.828, subdivision 6; 136A.829, subdivisions 1, 3; 136A.8295, subdivision 5; 136A.83; 136G.03, subdivisions 30, 31, by adding a subdivision; 136G.05, subdivision 10; 136G.13, by adding a subdivision; 137.0246, by adding a subdivision; 137.39, by adding subdivisions; Minnesota Statutes 2025 Supplement, sections 135A.1582, subdivisions 1, 2, 3; 136A.246, subdivision 1a; 136A.82, subdivision 1; 136A.821, subdivisions 5, 21; 136A.822, subdivisions 6, 8, 13; 136A.833, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 2024, sections 124D.09, subdivision 10a; 136A.827, subdivisions 1b, 2; 136G.03, subdivision 11; 136G.09, subdivision 10."

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Marty from the Committee on Finance, to which was re-referred**

**S.F. No. 4401:** A bill for an act relating to cannabis; modifying cannabis business and hemp business license and endorsement provisions; establishing a cannabis macrobusiness license; modifying labeling requirements for cannabinoid products and lower-potency hemp edible; modifying

studies and an annual market analysis conducted by the Office of Cannabis Management providing that data reported to the Office of Cannabis Management through statewide monitoring system is not public data; modifying provisions related to public data on cannabis business license applicants and license holders; modifying provisions relating to local unit of government's regulation of cannabis businesses; amending Minnesota Statutes 2024, sections 342.01, subdivisions 14, 52, 54; 342.02, subdivision 2; 342.07, subdivision 3; 342.09, subdivision 3; 342.15, subdivisions 2, 5; 342.175; 342.19, subdivision 6; 342.20, subdivisions 1, 2, 3; 342.22, subdivisions 1, 4, 5; 342.23, subdivision 5; 342.25, subdivisions 1, 2, 3, 4, 5, 6, 7; 342.26, subdivisions 1, 2, 3, 4, 5; 342.27, subdivisions 1, 2, 12, by adding a subdivision; 342.28, subdivisions 6, 7, 9, 11; 342.29, subdivisions 5, 6, 8, 8a, 10; 342.30, subdivision 3; 342.31, subdivisions 3, 5; 342.32, subdivision 3; 342.35, subdivision 1; 342.37, subdivision 1; 342.39, subdivision 1; 342.41, subdivision 1; 342.44, subdivision 2; 342.45, subdivision 3; 342.51, by adding subdivisions; 342.515, as amended; 342.61, subdivision 5; 342.63, subdivision 4, by adding a subdivision; 342.66, subdivision 3; 342.80; Minnesota Statutes 2025 Supplement, sections 342.01, subdivision 48; 342.04; 342.10; 342.11; 342.12; 342.13; 342.14, subdivisions 3, 6; 342.16; 342.18, subdivision 2; 342.22, subdivision 3; 342.28, subdivision 8; 342.29, subdivision 7; 342.30, subdivision 1; 342.32, subdivision 1; 342.40, subdivision 7; 342.43, subdivision 2; 342.44, subdivision 1; 342.51, subdivision 2; 342.61, subdivision 4; 342.62, subdivision 2; 342.63, subdivisions 2, 3, 5, 6; proposing coding for new law in Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2024, sections 151.72, subdivisions 1, 2, 4, 5, 5b, 5c, 6, 7; 342.51, subdivision 1; Minnesota Statutes 2025 Supplement, section 151.72, subdivisions 3, 5a.

Reports the same back with the recommendation that the bill be amended as follows:

Page 8, line 11, delete "evaluation" and insert "evaluations"

Page 19, after line 28, insert:

"Sec. 15. **PSILOCYBIN THERAPEUTIC USE PROGRAM REPORT.**

(a) The Office of Cannabis Management must regularly analyze the availability of federal programs to provide funds to support state efforts to establish a psilocybin therapeutic use program for individuals aged 21 and older who have qualifying medical conditions to access and use psilocybin under medical supervision.

(b) If a federal funding opportunity is identified, the office shall consult with the chairs and ranking minority members of the legislative committees with jurisdiction over cannabis, health, and veterans affairs to evaluate the federal funding opportunity and identify options for participation, guided by recommendations in the Minnesota Psychedelic Medicine Task Force's legislative report published January 1, 2025, related to a psilocybin therapeutic use program.

(c) The office must report to the legislature by each January 15 if federal funding opportunities have been identified in the previous calendar year, including the results of any evaluations."

Page 33, line 9, strike "Transportation between facilities" and insert "Internal transporter endorsement"

Page 33, after line 17, insert:

"Sec. 25. Minnesota Statutes 2024, section 342.28, is amended by adding a subdivision to read:

Subd. 12. **Medical cannabis cultivation endorsement.** (a) A cannabis microbusiness with a cultivation endorsement may apply for and obtain a medical cannabis cultivation endorsement described in section 342.51, subdivision 1b.

(b) A cannabis microbusiness with a medical cannabis cultivation endorsement that cultivates cannabis at an indoor facility and meets the requirements of section 342.51, subdivision 1b, may cultivate up to 1,000 square feet of plant canopy in addition to the limits in section 342.28, subdivision 2, paragraph (a).

(c) A cannabis microbusiness with a medical cannabis cultivation endorsement that cultivates cannabis at an outdoor location and meets the requirements of section 342.51, subdivision 1b, may cultivate up to one-quarter acre of mature flowering plants in addition to the limits in section 342.28, subdivision 2, paragraph (b).

Sec. 26. Minnesota Statutes 2024, section 342.28, is amended by adding a subdivision to read:

Subd. 13. **Medical cannabis manufacturer endorsement.** (a) A cannabis microbusiness may apply for and obtain a medical cannabis manufacturer endorsement as described in section 342.51, subdivision 1c.

(b) A cannabis microbusiness with a medical cannabis manufacturer endorsement that meets the requirements of section 342.51, subdivision 1c, may manufacture cannabis products, lower-potency hemp edibles, hemp-derived consumer products, or medical cannabinoid products up to 25 percent above the limit established in rule for the manufacturing capacity of a cannabis microbusiness.

Sec. 27. Minnesota Statutes 2024, section 342.28, is amended by adding a subdivision to read:

Subd. 14. **Medical cannabis retail endorsement.** (a) A cannabis microbusiness with a retail endorsement may apply for and obtain a medical cannabis retail endorsement described in section 342.51, subdivision 1d.

(b) A cannabis microbusiness with a medical cannabis retail endorsement that meets the requirements of section 342.51, subdivision 1d, may operate one additional retail location in excess of the limit in section 342.28, subdivision 2, paragraph (d), if at least one retail location is located in an area identified by the office as a high medical need area.

Sec. 28. Minnesota Statutes 2024, section 342.28, is amended by adding a subdivision to read:

Subd. 15. **External transporter endorsement.** A cannabis microbusiness with at least two medical cannabis endorsements as described in section 342.51, subdivisions 1b, 1c, and 1d, may apply for and obtain an external transporter endorsement as described in section 342.51, subdivision 1e.

Sec. 29. Minnesota Statutes 2024, section 342.28, is amended by adding a subdivision to read:

Subd. 16. **Medical cannabis delivery endorsement.** A cannabis microbusiness with a medical cannabis retail endorsement may apply for and obtain a medical cannabis delivery endorsement as described in section 342.51, subdivision 1e."

Page 35, line 5, strike "Transportation between facilities" and insert "Internal transporter endorsement"

Page 35, after line 13, insert:

"Sec. 36. Minnesota Statutes 2024, section 342.29, is amended by adding a subdivision to read:

Subd. 11. **Medical cannabis cultivation endorsement.** (a) A cannabis mezzobusiness with a cultivation endorsement may apply for and obtain a medical cannabis cultivation endorsement described in section 342.51, subdivision 1b.

(b) A cannabis mezzobusiness with a medical cannabis cultivation endorsement that cultivates cannabis at an indoor facility and meets the requirements of section 342.51, subdivision 1b, may cultivate up to 3,000 square feet of plant canopy in addition to the limits in section 342.29, subdivision 2, paragraph (a).

(c) A cannabis mezzobusiness with a medical cannabis cultivation endorsement that cultivates cannabis at an outdoor location and meets the requirements of section 342.51, subdivision 1b, may cultivate up to one-half acre of mature flowering plants in addition to the limits in section 342.29, subdivision 2, paragraph (b).

Sec. 37. Minnesota Statutes 2024, section 342.29, is amended by adding a subdivision to read:

Subd. 12. **Medical cannabis manufacturer endorsement.** (a) A cannabis mezzobusiness may apply for and obtain a medical cannabis manufacturer endorsement as described in section 342.51, subdivision 1c.

(b) A cannabis mezzobusiness with a medical cannabis manufacturer endorsement that meets the requirements of section 342.51, subdivision 1c, may manufacture cannabis products, lower-potency hemp edibles, hemp-derived consumer products, or medical cannabinoid products up to 25 percent above the limit established in rule for the manufacturing capacity of a cannabis mezzobusiness.

Sec. 38. Minnesota Statutes 2024, section 342.29, is amended by adding a subdivision to read:

Subd. 13. **Medical cannabis retail endorsement.** (a) A cannabis mezzobusiness with a retail endorsement may apply for and obtain a medical cannabis retail endorsement described in section 342.51, subdivision 1d.

(b) A cannabis mezzobusiness with a medical cannabis retail endorsement that meets the requirements of section 342.51, subdivision 1d, may operate up to two additional retail locations in excess of the limit in section 342.29, subdivision 2, paragraph (d), if at least two retail locations are located in an area identified by the office as a high medical need area.

Sec. 39. Minnesota Statutes 2024, section 342.29, is amended by adding a subdivision to read:

Subd. 14. **External transporter endorsement.** A cannabis mezzobusiness with at least two medical cannabis endorsements as described in section 342.51, subdivisions 1b, 1c, and 1d, may apply for and obtain an external transporter endorsement as described in section 342.51, subdivision 1e.

Sec. 40. Minnesota Statutes 2024, section 342.29, is amended by adding a subdivision to read:

Subd. 15. **Medical cannabis delivery endorsement.** A cannabis mezzobusiness with a medical cannabis retail endorsement may apply for and obtain a medical cannabis delivery endorsement as described in section 342.51, subdivision 1e."

Page 36, after line 15, insert:

"Sec. 43. Minnesota Statutes 2024, section 342.30, is amended by adding a subdivision to read:

Subd. 6. **Medical cannabis cultivation endorsement.** (a) A cannabis cultivator with a cultivation endorsement may apply for and obtain a medical cannabis cultivation endorsement described in section 342.51, subdivision 1b.

(b) A cannabis cultivator with a medical cannabis cultivation endorsement that cultivates cannabis at an indoor facility and meets the requirements of section 342.51, subdivision 1b, may cultivate up to 6,000 square feet of plant canopy in addition to the limits in section 342.30, subdivision 2, paragraph (a).

(c) A cannabis cultivator with a medical cannabis cultivation endorsement that cultivates cannabis at an outdoor location and meets the requirements of section 342.51, subdivision 1b, may cultivate up to one acre of mature flowering plants in addition to the limits in section 342.30, subdivision 2, paragraph (b)."

Page 37, line 2, after "operations" insert "and endorsements" and before "A" insert "(a)"

Page 37, after line 7, insert:

"(b) A cannabis manufacturer may apply for and obtain a medical cannabis manufacturer endorsement as described in section 342.51, subdivision 1c."

Page 38, after line 10, insert:

"Sec. 48. Minnesota Statutes 2024, section 342.32, is amended by adding a subdivision to read:

Subd. 6. **Medical cannabis retail endorsement and medical cannabis delivery endorsement.** (a) A cannabis retailer with a retail endorsement may apply for and obtain a medical cannabis retail endorsement described in section 342.51, subdivision 1d.

(b) A cannabis retailer with a medical cannabis retail endorsement that meets the requirements of section 342.51, subdivision 1d, may operate up to three additional retail locations in excess of the limit in subdivision 2, if three retail locations are located in an area identified by the office as a high medical need area.

(c) A cannabis retailer with a medical cannabis retail endorsement may apply for and obtain a medical cannabis delivery endorsement as described in section 342.51, subdivision 1e."

Page 48, after line 22, insert:

"Sec. 2. Minnesota Statutes 2024, section 342.01, subdivision 20, is amended to read:

Subd. 20. **Cannabis product.** (a) "Cannabis product" means any of the following:

(1) cannabis concentrate;

(2) a product infused with cannabinoids, including but not limited to tetrahydrocannabinol, extracted or derived from cannabis plants or cannabis flower;

(3) a ratio hemp-infused cannabis product; or

~~(3)~~ (4) any other product that contains cannabis concentrate.

(b) Cannabis product includes adult-use cannabis products, including but not limited to edible cannabis products and medical cannabinoid products. Cannabis product does not include cannabis flower, artificially derived cannabinoid, lower-potency hemp edibles, hemp-derived consumer products, or hemp-derived topical products."

Page 50, after line 13, insert:

"Sec. 6. Minnesota Statutes 2024, section 342.01, is amended by adding a subdivision to read:

Subd. 63a. **Ratio hemp-infused cannabis product.** (a) "Ratio hemp-infused cannabis product" means a product that:

(1) contains cannabis extracts in combination with cannabinoids derived from hemp as defined in United States Code, title 7, section 1639o(1), that are not artificially derived cannabinoids and have been approved by the office as nonintoxicating, in the same or different concentrations than naturally occur in the plant; and

(2) is a product category approved by the office.

(b) Ratio hemp-infused cannabis products must not include more than 100 milligrams of cannabidiol, cannabigerol, cannabinol, or cannabichromene per serving.

(c) If the ratio hemp-infused cannabis product is meant to be eaten, the product must not include more than ten milligrams of THC per serving and 200 milligrams of THC per package.

(d) If the ratio hemp-infused cannabis product is meant to be consumed as a beverage, the product must not include more than ten milligrams of THC per serving, and a single beverage container may not contain more than two servings.

(e) If the ratio hemp-infused cannabis product is meant to be used as a transdermal or topical product, the product must not include more than the limit approved by the office in rule.

(f) If the ratio hemp-infused cannabis product is designed for a vaporized delivery method, the product must not exceed the limit approved by the office in rule."

Page 54, line 22, delete "2027" and insert "2030"

Page 64, line 6, after "endorsement" insert "that cultivates cannabis at an indoor facility"

Page 64, line 7, delete "an additional" and insert "using up to" and delete "indoors or one-quarter acre outdoors" and insert "of plant canopy"

Page 64, line 8, before the period, insert ", subdivision 2, paragraph (a). A cannabis microbusiness with a medical cannabis cultivation endorsement that cultivates cannabis at an outdoor location may cultivate up to one-quarter acre of mature flowering plants in addition to the limits in section 342.28, subdivision 2, paragraph (b)"

Page 64, line 9, after "endorsement" insert "that cultivates cannabis at an indoor facility"

Page 64, line 10, delete "an additional" and insert "using up to" and delete "indoors or one-half acre outdoors" and insert "of plant canopy"

Page 64, line 11, before the period, insert ", subdivision 2, paragraph (a). A cannabis mezzobusiness with a medical cannabis cultivation endorsement that cultivates cannabis at an outdoor location may cultivate up to one-half acre of mature flowering plants in addition to the limits in section 342.29, subdivision 2, paragraph (b)"

Page 64, line 12, after "endorsement" insert "that cultivates cannabis at an indoor facility"

Page 64, line 13, before "an" insert "cannabis using up to" and delete "indoors or one acre outdoors" and insert "of plant canopy"

Page 64, line 14, before the period, insert ", subdivision 2, paragraph (a). A cannabis cultivator with a medical cannabis cultivation endorsement that cultivates cannabis at an outdoor location may cultivate up to one acre of mature flowering plants in addition to the limits in section 342.30, subdivision 2, paragraph (b)"

Page 69, line 25, delete "manufacturing" and insert "cannabis manufacturer"

Page 70, line 9, after "macrobusiness" insert "with a cultivation endorsement and a medical cannabis cultivation endorsement"

Page 70, line 14, delete "two acres" and insert "one acre"

Page 70, after line 30, insert:

"(g) A cannabis macrobusiness may choose to engage in outdoor or indoor cultivation, but a cannabis macrobusiness may not engage in both outdoor and indoor cultivation."

Page 72, line 29, delete "By" and insert "On or after" and delete "2028" and insert "2027"

Page 72, line 31, delete "2029" and insert "2030"

Page 73, line 17, delete "facility" and insert "location"

Page 73, line 20, delete "facility" and insert "location" and delete "plant" and insert "mature flowering plants"

Page 73, line 21, delete "canopy"

Page 77, after line 18, insert:

"(c) A ratio hemp-infused cannabis product as defined in section 342.01, subdivision 63a, must include on the label the following statement: "This product contains nonintoxicating cannabinoids derived from hemp.""

Page 79, after line 22, insert:

**"ARTICLE 4**

**CANNABIS EVENT ORGANIZER LICENSE MODIFICATIONS**

Section 1. Minnesota Statutes 2025 Supplement, section 342.11, is amended to read:

**342.11 LICENSES; FEES.**

(a) The office shall require the payment of application fees, initial licensing fees, and renewal licensing fees as provided in this section. The initial license fee shall include the fee for initial issuance of the license and the first annual renewal. The renewal fee shall be charged at the time of the second renewal and each subsequent annual renewal thereafter. Nothing in this section prohibits a local unit of government from charging the retailer registration fee established in section 342.22. Application fees, initial licensing fees, and renewal licensing fees are nonrefundable.

(b) Application and licensing fees shall be as follows:

(1) for a cannabis microbusiness:

(i) an application fee of $500;

(ii) an initial license fee of $0; and

(iii) a renewal license fee of $2,000;

(2) for a cannabis mezzobusiness:

(i) an application fee of $5,000;

(ii) an initial license fee of $5,000; and

(iii) a renewal license fee of $10,000;

(3) for a cannabis cultivator:

(i) an application fee of $10,000;

(ii) an initial license fee of $20,000; and

(iii) a renewal license fee of $30,000;

(4) for a cannabis manufacturer:

(i) an application fee of $10,000;

(ii) an initial license fee of $10,000; and

(iii) a renewal license fee of $20,000;

(5) for a cannabis retailer:

(i) an application fee of $2,500;

(ii) an initial license fee of $2,500; and

(iii) a renewal license fee of $5,000;

(6) for a cannabis wholesaler:

(i) an application fee of $5,000;

(ii) an initial license fee of $5,000; and

(iii) a renewal license fee of $10,000;

(7) for a cannabis transporter:

(i) an application fee of $250;

(ii) an initial license fee of $500; and

(iii) a renewal license fee of $1,000;

(8) for a cannabis testing facility:

(i) an application fee of $5,000;

(ii) an initial license fee of $5,000; and

(iii) a renewal license fee of $10,000;

(9) for a cannabis delivery service:

(i) an application fee of $250;

(ii) an initial license fee of $500; and

(iii) a renewal license fee of $1,000;

(10) for a cannabis event organizer:

(i) an application fee of $750; ~~and~~

(ii) an initial license fee of ~~$750~~ $0;

(iii) a renewal license fee of $750; and

(iv) a temporary cannabis event application fee of $750;

(11) for a lower-potency hemp edible manufacturer:

(i) an application fee of $250;

(ii) an initial license fee of $1,000; and

(iii) a renewal license fee of $1,000;

(12) for a lower-potency hemp edible wholesaler:

(i) an application fee of $250;

(ii) an initial license fee of $10,000; and

(iii) a renewal license fee of $10,000;

(13) for a lower-potency hemp edible retailer:

(i) an application fee of $250 or, if the lower-potency hemp retailer operates more than one retail location, $250 per retail location;

(ii) an initial license fee of $250 or, if the lower-potency hemp retailer operates more than one retail location, $250 per retail location; and

(iii) a renewal license fee of $250 or, if the lower-potency hemp retailer operates more than one retail location, $250 per retail location; and

(14) for a medical cannabis combination business:

(i) an application fee of $10,000;

(ii) an initial license fee of $20,000; and

(iii) a renewal license fee of $70,000.

Sec. 2. Minnesota Statutes 2024, section 342.39, as amended by Laws 2025, chapter 31, section 66, is amended to read:

**342.39 CANNABIS EVENT ORGANIZER LICENSING.**

Subdivision 1. **Authorized actions.** (a) A cannabis event organizer license entitles the license holder to organize ~~a~~ temporary cannabis events, with each event lasting no more than four days, and perform other actions approved by the office.

(b) For each temporary cannabis event, the license holder is required to submit additional information pursuant to section 342.40.

Subd. 2. **Additional information required.** (a) In addition to the information required to be submitted under section 342.14, subdivision 1, and rules adopted pursuant to that section, a person, cooperative, or business seeking a cannabis event organizer license must submit the following information in a form approved by the office:

(1) the type and number of any other cannabis business license held by the applicant;

~~(2) the address and location where the temporary cannabis event will take place;~~

~~(3) the name of the temporary cannabis event;~~

~~(4) a diagram of the physical layout of the temporary cannabis event showing where the event will take place on the grounds, all entrances and exits that will be used by participants during the event, all cannabis consumption areas, all cannabis retail areas where cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products will be sold, the location where cannabis waste will be stored, and any location where cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products will be stored;~~

~~(5) a list of the name, number, and type of cannabis businesses and hemp businesses that will sell cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products at the event, which may be supplemented or amended within 72 hours of the time at which the cannabis event begins;~~

~~(6) the dates and hours during which the cannabis event will take place;~~

~~(7) proof of local approval for the cannabis event; and~~

~~(8) evidence that the business will comply with the applicable operation requirements for the license being sought.~~

~~(b) A person, cooperative, or business seeking a cannabis event organizer license may also disclose whether the person or any officer, director, manager, and general partner of a cannabis business is serving or has previously served in the military.~~

(2) a description of the applicant's process for planning and organizing cannabis events, including:

(i) the applicant's method of selecting a venue;

(ii) the applicant's method of coordinating with and overseeing vendors that participate in cannabis events; and

(iii) criteria that the applicant will use for selecting cannabis and hemp businesses to participate in cannabis events;

(3) a description of security measures and protocols that the applicant will use, including:

(i) the process that the applicant will use for hiring and contracting with licensed security personnel;

(ii) the method that the applicant will use to ensure that security personnel do not consume cannabis or hemp products before or during cannabis events;

(iii) the method that the applicant will use for managing and controlling crowds at cannabis events;

(iv) the method that the applicant will use to ensure that access to an event is limited to individuals who are at least 21 years of age; and

(v) the method that the applicant will use for managing access to consumption and retail areas;

(4) a description of how the applicant will comply with state and local laws and rules at each cannabis event, including:

(i) the applicant's method of verifying that each participating business has a valid license issued by the office;

(ii) the applicant's method for ensuring that cannabis products are only sold by licensed retailers in designated retail areas; and

(iii) the applicant's methods for handling any violations of this chapter or Minnesota Rules at cannabis events;

(5) the applicant's procedures for protecting the health and safety of event participants, including:

(i) emergency response plans, fire safety protocols, and the availability of medical assistance devices in the case of a medical emergency; and

(ii) guidelines for managing consumption areas to prevent over-intoxication and other health risks;

(6) the applicant's procedures for working with licensed cannabis transporters to handle the transportation of cannabis plants, products, and related items to and from events;

(7) the applicant's management and disposal of cannabis waste in compliance with state laws and rules, including methods for securely collecting, storing, and transporting cannabis waste from each event site; and

(8) the applicant's methods for reporting and documenting cannabis events to regulators for inspections and post-event evaluations.

(b) Any commitment or statement that the applicant makes in an application to the office is an ongoing material condition of maintaining and renewing the applicant's cannabis event organizer license.

(c) An application for a cannabis event organizer license is not required to include the information required under section 342.14, subdivision 1, paragraph (a), clauses (5), (6), (9), and (10).

Subd. 2a. **Attestation required.** When renewing a cannabis event organizer license, a cannabis event organizer license holder with ten or more full-time equivalent employees must submit to the

office an attestation signed by a bona fide labor organization stating that the applicant has entered into a labor peace agreement.

Subd. 3. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a cannabis event organizer license may not hold a cannabis testing facility license~~, a lower-potency hemp edible manufacturer license, a lower-potency hemp edible wholesaler license, or a lower-potency hemp edible retailer license~~.

(b) The office by rule may limit the number of cannabis event licenses that a person or business may hold.

(c) For purposes of this subdivision, restrictions on the number or type of license that a business may hold apply to every cooperative member or every director, manager, and general partner of a cannabis business.

Sec. 3. Minnesota Statutes 2024, section 342.40, subdivision 1, is amended to read:

Subdivision 1. ~~**Local**~~ **Temporary event approval.** (a) To host a temporary cannabis event under this section, a cannabis event organizer must ~~receive~~ submit a site registration with the following information to the office in a form approved by the office:

(1) proof that the event has received local approval, including ~~obtaining~~ proof that the cannabis event organizer has obtained any necessary permits or licenses issued by a local unit of government~~, before holding a cannabis event.~~;

(2) the address and location where the temporary cannabis event will take place;

(3) the name of the temporary cannabis event;

(4) a diagram of the physical layout of the temporary cannabis event showing where the event will take place on the grounds; all entrances and exits that will be used by participants during the event; all cannabis consumption areas; all cannabis retail areas where cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products will be sold; the location where cannabis waste will be stored; and any location where cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products will be stored;

(5) a list that includes: (i) the name of each cannabis business and hemp business that will sell cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products at the temporary cannabis event; (ii) the type of each business participating in the temporary cannabis event; and (iii) the number of businesses participating in the temporary cannabis event. The list may be amended up to 72 hours before the temporary cannabis event begins;

(6) the dates and hours during which the temporary cannabis event will take place; and

(7) evidence that the cannabis event organizer will comply with all applicable operation requirements.

(b) Upon review of the temporary cannabis event application materials submitted by the license holder, the office may deny a temporary cannabis event if:

(1) the application is incomplete;

(2) the temporary cannabis event does not have local approval;

(3) the application contains a materially false statement about the applicant or omits information required under subdivision 1;

(4) the license holder fails to pay the applicable application fee in section 342.11, paragraph (b), clause (10), item (iv); and

(5) the license holder fails to pass any applicable site inspection for the temporary cannabis event.

(c) The office may request additional information from any applicant if the office determines that the information is necessary to review or process the application. If the applicant does not provide the additional requested information within seven calendar days of the office's request for information, the office may deny the application.

Sec. 4. Minnesota Statutes 2025 Supplement, section 342.40, subdivision 7, is amended to read:

Subd. 7. **Cannabis event sales.** (a) Cannabis microbusinesses with a retail endorsement, cannabis mezzobusinesses with a retail endorsement, cannabis retailers, medical cannabis combination businesses operating a retail location, and lower-potency hemp edible retailers, including the cannabis event organizer, may be authorized to sell cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products to customers at a cannabis event.

(b) All sales of cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products at a cannabis event must take place in a retail area as designated in the premises diagram.

(c) Authorized retailers may only conduct sales within their specifically assigned area.

(d) Authorized retailers must verify the age of all customers pursuant to section 342.27, subdivision 4, before completing a sale and may not sell cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products to an individual under 21 years of age.

(e) Authorized retailers may display one sample of each type of cannabis plant, adult-use cannabis flower, adult-use cannabis product, lower-potency hemp edible, and hemp-derived consumer product available for sale. Display samples of adult-use cannabis and adult-use cannabis products must be stored in a sample jar or display case and be accompanied by a label or notice containing the information required to be affixed to the packaging or container containing adult-use cannabis flower and adult-use cannabis products sold to customers. A display sample may not consist of more than eight grams of adult-use cannabis flower or adult-use cannabis concentrate, or an edible cannabis product infused with more than 100 milligrams of tetrahydrocannabinol. A cannabis retailer may allow customers to smell the adult-use cannabis flower or adult-use cannabis product before purchase.

(f) The notice requirements under section 342.27, subdivision 6, apply to authorized retailers offering cannabis plants, adult-use cannabis flower, adult-use cannabinoid products, and hemp-derived consumer products for sale at a cannabis event.

(g) Authorized retailers may not:

(1) sell adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products to a person who is visibly intoxicated;

(2) knowingly sell more cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products than a customer is legally permitted to possess;

(3) sell medical cannabis flower or medical cannabinoid products; or

(4) allow for the dispensing of cannabis plants, cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in vending machines.

(h) Except for display samples of a cannabis plant, adult-use cannabis flower, adult-use cannabis product, lower-potency hemp edible, and hemp-derived consumer product, all cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products for sale at a cannabis event must be stored in a secure, locked container that is not accessible to the public. Such items being stored at a cannabis event shall not be left unattended.

(i) All cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products for sale at a cannabis event must comply with this chapter and rules adopted pursuant to this chapter regarding the testing, packaging, and labeling of those items.

(j) Authorized retailers must record in the statewide monitoring system all cannabis plants, adult-use cannabis flower, and adult-use cannabis products sold, distributed, damaged, or destroyed at ~~a~~ the cannabis event ~~must be recorded in the statewide monitoring system~~.

Sec. 5. Minnesota Statutes 2025 Supplement, section 342.46, subdivision 8, is amended to read:

Subd. 8. **On-site consumption.** (a) A lower-potency hemp edible retailer may permit on-site consumption of lower-potency hemp edibles on a portion of its premises if it has an on-site consumption endorsement.

(b) The office shall issue an on-site consumption endorsement to any lower-potency hemp edible retailer that also holds an on-sale license issued under chapter 340A.

(c) A lower-potency hemp edible retailer must ensure that lower-potency hemp edibles sold for on-site consumption comply with this chapter and rules adopted pursuant to this chapter regarding testing.

(d) Lower-potency hemp edibles sold for on-site consumption, other than lower-potency hemp edibles that are intended to be consumed as a beverage, must be served in the required packaging, but may be removed from the products' packaging by customers and consumed on site.

(e) Lower-potency hemp edibles that are intended to be consumed as a beverage may be served outside of the edibles' packaging if the information that is required to be contained on the label of a lower-potency hemp edible is posted or otherwise displayed by the lower-potency hemp edible retailer. Hemp workers who serve beverages under this paragraph are not required to obtain an edible cannabinoid product handler endorsement under section 342.07, subdivision 3.

(f) Food and beverages not otherwise prohibited by this subdivision may be prepared and sold on site if the lower-potency hemp edible retailer complies with all relevant state and local laws, ordinances, licensing requirements, and zoning requirements.

(g) A lower-potency hemp edible retailer may offer recorded or live entertainment if the lower-potency hemp edible retailer complies with all relevant state and local laws, ordinances, licensing requirements, and zoning requirements.

(h) In addition to the prohibitions under subdivision 7, a lower-potency hemp edible retailer with an on-site consumption endorsement may not:

(1) sell, give, furnish, or in any way procure for another lower-potency hemp edibles for the use of an obviously intoxicated person;

(2) sell lower-potency hemp edibles that are designed or reasonably expected to be mixed with an alcoholic beverage; or

(3) permit lower-potency hemp edibles that have been removed from the products' packaging to be removed from the premises of the lower-potency hemp edible retailer.

(i) A lower-potency hemp edible retailer is permitted to sell and may permit the consumption of lower-potency hemp edibles ~~that are intended to be consumed as a beverage~~ at an event hosted off site if:

(1) the event has been authorized by the local unit of government exercising jurisdiction over the location;

(2) the event organizer holds an on-sale license issued under chapter 340A; and

(3) the event does not exceed four days."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete the first "and" and insert a comma and delete "license" and insert ", and cannabis event organizer license"

Page 1, line 4, delete "edible" and insert "edibles"

Page 1, line 6, after "Management" insert a semicolon

Page 1, line 10, after the semicolon, insert "defining ratio hemp-infused cannabis product; requiring reports;"

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Xiong from the Committee on State and Local Government, to which was referred**

**S.F. No. 4503:** A bill for an act relating to local government; designating thermal energy networks as public improvements and waterworks; amending Minnesota Statutes 2024, sections 429.021, subdivision 1; 444.075, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2025 Supplement, section 216B.16, subdivision 15, is amended to read:

Subd. 15. **Low-income affordability programs.** (a) The commission must consider ability to pay as a factor in setting utility rates and may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. A public utility serving low-income residential ratepayers who use natural gas <u>or service from a thermal energy network, as defined in section 216B.2427, subdivision 1,</u> for heating must file an affordability program with the commission.

(b) Any affordability program the commission orders a utility to implement must:

(1) lower the percentage of income that participating low-income households devote to energy bills;

(2) increase participating customer payments over time by increasing the frequency of payments;

(3) decrease or eliminate participating customer arrears;

(4) lower the utility costs associated with customer account collection activities; and

(5) coordinate the program with other available low-income bill payment assistance and conservation resources.

(c) In ordering affordability programs, the commission may require public utilities to file program evaluations that measure the effect of the affordability program on:

(1) the percentage of income that participating households devote to energy bills;

(2) service disconnections; and

(3) frequency of customer payments, utility collection costs, arrearages, and bad debt.

(d) The commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The commission may not allow a utility to recover administrative costs,

excluding start-up costs, in excess of five percent of total program costs, or program evaluation costs in excess of two percent of total program costs. The commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases.

(e) Public utilities may use information collected or created for the purpose of administering energy assistance to administer affordability programs.

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

Sec. 2. **[216B.2429] THERMAL ENERGY NETWORKS.**

Subdivision 1. **Definitions.** For the purposes of this section, "thermal energy network" or "TEN" has the meaning given in section 216B.2427, subdivision 1.

Subd. 2. **Thermal energy network service.** A public utility may offer service by a thermal energy network.

Subd. 3. **Cost recovery.** A public utility must, subject to commission review and approval, recover reasonable and prudently incurred costs of implementing an approved TEN in a general rate case or, before December 31, 2036, in a thermal energy network service rider.

Subd. 4. **TEN consumer protection.** A municipal utility's, cooperative utility's, or public utility's provision of service by a TEN is subject to the same laws, protections, and commission authority to which the utility's provision of natural gas service is subject under this chapter. Nothing in this subdivision extends commission authority over municipal or cooperative utilities beyond what is otherwise provided for gas service.

Subd. 5. **TEN siting; priorities.** In assessing locations at which to site a TEN, a utility must give preference to an area:

(1) whose residents have expressed a desire to have a TEN installed;

(2) whose characteristics resemble those of an area in which a successful TEN was completed under a natural gas innovation plan filed under section 216B.2427; or

(3) that includes or is within an area as defined in section 116.065, subdivision 1, paragraph (e).

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

Sec. 3. Minnesota Statutes 2024, section 429.011, subdivision 5, is amended to read:

Subd. 5. **Improvement.** "Improvement" means any type of improvement made under authority granted by section 429.021, and in the case of a county is limited to ~~the construction, reconstruction, or improvement of a county state-aid highway or county highway including curbs and gutters and storm sewers, and to the purchase, installation, or maintenance of signs, posts, and markers for addressing related to the operation of enhanced 911 telephone service~~ improvements made pursuant to section 429.011, subdivision 2a."

Page 4, after line 21, insert:

"Sec. 6. **APPROPRIATION; PUBLIC UTILITIES COMMISSION.**

$40,000 in fiscal year 2027 is appropriated from the general fund to the Public Utilities Commission for thermal energy network services provided under Minnesota Statutes, section 216B.2429."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "establishing requirements for thermal energy network plans;"

Page 1, line 3, after the semicolon, insert "appropriating money;"

Amend the title numbers accordingly

And when so amended the bill do pass.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

## SECOND READING OF SENATE BILLS

S.F. Nos. 3720, 4304, 5202, and 4401 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. No. 4252 was read the second time.

## INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

**Senator Wiklund introduced--**

**S.F. No. 5270:** A bill for an act relating to health; establishing a hospital stabilization program; establishing a community-based safety net provider stabilization program; establishing a Hennepin Healthcare System, Inc., stabilization grant program; requiring reports; appropriating money; amending Minnesota Statutes 2024, section 16A.103, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services.

**Senator Lieske introduced--**

**S.F. No. 5271:** A bill for an act relating to public safety; making it a crime to nudify an image of another; providing criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 617.

Referred to the Committee on Judiciary and Public Safety.

**Senator Dornink introduced--**

**S.F. No. 5272:** A bill for an act relating to capital investment; appropriating money for the Bioimaging Center at the Hormel Institute in Austin; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

## MOTIONS AND RESOLUTIONS

Senator Murphy moved that her name be stricken as a co-author to S.F. No. 3699. The motion prevailed.

Senator Latz moved that the name of Senator Fateh be added as a co-author to S.F. No. 3699. The motion prevailed.

Senator Hoffman moved that his name be stricken as a co-author to S.F. No. 4464. The motion prevailed.

Senator Champion moved that the name of Senator Hawj be added as a co-author to S.F. No. 4535. The motion prevailed.

Senator Howe moved that S.F. No. 4464 be withdrawn from the Committee on State and Local Government and returned to its author. The motion prevailed.

## SPECIAL ORDERS

Pursuant to Rule 26, Senator Murphy, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. Nos. 1141, 3900, 3522, and 3521.

## SPECIAL ORDER

**H.F. No. 1141:** A bill for an act relating to housing; establishing a supplemental budget for the Minnesota Housing Finance Agency; authorizing the issuance of housing infrastructure bonds; modifying the authority of the Minnesota Housing Finance Agency over the housing development fund; requiring reports; transferring money; appropriating money; amending Minnesota Statutes 2024, sections 462A.05, subdivision 8; 462A.20, subdivisions 3, 4, by adding a subdivision; 462A.21, subdivisions 10, 12a; 462A.37, by adding a subdivision; Minnesota Statutes 2025 Supplement, section 462A.37, subdivision 5; Laws 2025, chapter 32, article 1, section 2, subdivisions 1, 3, 15, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 462A; repealing Minnesota Statutes 2024, section 462A.21, subdivision 5.

Senator Port moved to amend H.F. No. 1141, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A12):

(The text of the amended House File is identical to S.F. No. 203.)

Page 10, after line 27, insert:

"(a) For the purposes of this section, "interactive technology" has the meaning in section 13D.001, subdivision 2."

Reletter the paragraphs in sequence and correct the internal references

Page 17, delete section 21 and insert:

"Sec. 21. Minnesota Statutes 2024, section 462A.395, subdivision 3, is amended to read:

Subd. 3. **Eligible projects.** ~~Housing projects eligible~~ To be eligible for a grant under this section, a housing project must be located outside of the metropolitan area, and may be:

(1) a single-family ~~or multifamily housing~~ development~~,~~;

(2) a multifamily housing development;

~~and either owner-occupied or rental. Housing projects eligible for a grant under this section may also be~~ (3) a manufactured home development qualifying for homestead treatment under section 273.124, subdivision 3a~~.~~;

(4) a housing project funded under section 462A.38; or

(5) a housing project funded under section 462A.39."

Page 20, after line 14, insert:

"(2) a Tribal government or Tribally designated housing entity;"

Renumber the clauses in sequence

The motion prevailed. So the amendment was adopted.

Senator Coleman moved to amend H.F. No. 1141, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A-7):

(The text of the amended House File is identical to S.F. No. 203.)

Page 14, line 24, before "In" insert "(a)"

Page 14, line 26, after the period, insert "Of this authorization, $5,000,000 of proceeds from the sale of bonds must be applied for manufactured home park improvements and infrastructure under subdivision 2, paragraph (a), clause (4), unless modified under paragraph (b)."

Page 14, after line 26, insert:

"(b) The agency must use its best efforts to award grants and loans for the purposes allocated in paragraph (a). If the agency has not committed the full amount of the allocation by January 16, 2029, to the described purposes due to a lack of qualifying projects, the allocated amount may be applied to other purposes authorized in subdivision 2."

The motion prevailed. So the amendment was adopted.

Senator Abeler moved to amend H.F. No. 1141, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A-4):

(The text of the amended House File is identical to S.F. No. 203.)

Page 2, line 21, after the period, insert "A park owner receiving rent or other payments from a resident in cash must provide a written receipt for payment immediately upon receipt if the payment is made in person, or within three business days if payment in cash is not made in person."

Page 10, after line 11, insert:

"Sec. 11. Minnesota Statutes 2024, section 327C.11, subdivision 3, is amended to read:

Subd. 3. **Writ of recovery stayed.** The issuance of a writ of recovery, other than a conditional writ, shall be stayed for a reasonable period not to exceed seven days to allow the resident to arrange to remove the resident's home from the lot or for the purpose of an in park sale, as provided in section 327C.07.

Sec. 12. Minnesota Statutes 2024, section 327C.11, is amended by adding a subdivision to read:

Subd. 5. **Good cause.** (a) Upon a showing of good cause, the court may stay a writ under subdivision 3 or issue a conditional writ under subdivision 4 for a reasonable period not to exceed 30 days.

(b) Paragraph (a) does not apply to an action brought on the basis that the resident engaged in behavior that seriously endangered the safety of other residents or intentionally and seriously damaged the property of the park owner or a resident."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Abeler moved to amend H.F. No. 1141, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A14):

(The text of the amended House File is identical to S.F. No. 203.)

Page 14, after line 21, insert:

"Sec. 19. Minnesota Statutes 2024, section 462A.222, is amended by adding a subdivision to read:

Subd. 5. **Limitation on rental increases.** A housing project awarded tax credits under this section must not increase rent in any 12-month period by a percentage exceeding the percent change in the Consumer Price Index for all urban consumers, as published by the Bureau of Labor Statistics of the Department of Labor, for the most recent 12-month period. The limitation on rent increases

in this subdivision applies only to an income-restricted unit rented by a resident 65 years of age or over.

**EFFECTIVE DATE.** This section is effective August 1, 2026, and applies to rent increases that take effect on or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 27, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Fateh | Klein | Maye Quade | Putnam |
| Bahr | Frentz | Koran | McEwen | Rest |
| Boldon | Gustafson | Kunesh | Mohamed | Seeberger |
| Carlson | Hauschild | Kupec | Murphy | Westlin |
| Champion | Hawj | Latz | Oumou Verbeten | Wiklund |
| Clark | Hemmingsen-Jaeger | Mann | Pappas | Xiong |
| Cwodzinski | Hoffman | Marty | Pha | |
| Dibble | Johnson Stewart | Mathews | Port | |

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Carlson, Johnson Stewart, Pappas, and Wiklund.

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Coleman | Farnsworth | Howe | Lucero | Weber |
| Dahms | Green | Jasinski | Miller | Wesenberg |
| Dornink | Gruenhagen | Johnson | Pratt | Westrom |
| Draheim | Heintzeman | Lang | Rarick | |
| Drazkowski | Holmstrom | Lieske | Rasmusson | |
| Duckworth | Housley | Limmer | Utke | |

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Johnson.

The motion prevailed. So the amendment was adopted.

Senator Duckworth moved to amend H.F. No. 1141, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A10):

(The text of the amended House File is identical to S.F. No. 203.)

Page 19, after line 26, insert:

"Sec. 25. Minnesota Statutes 2024, section 500.215, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Any provision of any deed restriction, subdivision regulation, restrictive covenant, local ordinance, contract, rental agreement or regulation, or homeowners association document that limits the right of an owner or tenant of residential property to display the flag of the United States ~~and~~, the flag of the State of Minnesota, the National League of Families

POW/MIA flag, the flag of any branch of the United States Armed Forces, or a Blue Star Service flag or a Gold Star Service flag, is void and unenforceable.

(b) "Homeowners association document" includes the declaration, articles of incorporation, bylaws, and rules and regulations of:

(1) a common interest community, as defined in section 515B.1-103(10), regardless of whether the common interest community is subject to chapter 515B; and

(2) a residential community that is not a common interest community, as defined in section 515B.1-103(10).

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all limitations described in this section and not excepted in Minnesota Statutes, section 500.215, subdivision 2, regardless of whether adopted before, on, or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Nelson moved to amend H.F. No. 1141, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A-9):

(The text of the amended House File is identical to S.F. No. 203.)

Page 1, after line 22, insert:

"Section 1. Minnesota Statutes 2024, section 290.0683, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Agency" means the Minnesota Housing Finance Agency.

(c) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan area.

(d) "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

~~(c)~~ (e) "Minnesota housing tax credit contribution account" or "account" means the account established in section 462A.40.

~~(d)~~ (f) "Qualified project" means a project that qualifies for a grant or loan under section 462A.40.

~~(e)~~ (g) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer as defined in section 297I.01, subdivision 16.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2026.

Sec. 2. Minnesota Statutes 2024, section 290.0683, subdivision 3, is amended to read:

Subd. 3. **Allocation.** (a) To qualify for the credit, a taxpayer must contribute to the Minnesota housing tax credit contribution account. A taxpayer may indicate that a contribution is intended for a specific qualified project, subject to the limitations in paragraph (b). A taxpayer is prohibited from contributing to certain projects as provided in section 462A.40, subdivision 3.

(b) For each taxable year, the agency must reserve 50 percent of credits for contributions to qualified projects located in greater Minnesota. Any portion of a taxable year's credits reserved for contributions to qualified projects located in greater Minnesota that is not allocated by the agency by September 30 of each year is available for allocation to credit applications for contributions to other qualified projects beginning on October 1.

~~(b)~~ (c) The aggregate amount of tax credits allowed to all eligible contributors is limited to $9,900,000 annually.

~~(c)~~ (d) Within 30 days after a taxpayer contributes to the account, the agency must file with the contributing taxpayer a credit certificate statement or return any amounts to the taxpayer as provided in this paragraph. The agency must send a copy of the credit certificate to the commissioner. If there are insufficient credits to match the contribution, the agency must not issue a credit certificate for the amount of the contribution for which there are insufficient credits, and must return that amount to the taxpayer before issuing any credit certificate.

~~(d)~~ (e) The credit certificate must state the dollar amount of the contribution made by the taxpayer and the date the payment was received by the account, and indicate if the contribution was intended for a specific qualified project.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2026."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Weber moved to amend H.F. No. 1141, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A15):

(The text of the amended House File is identical to S.F. No. 203.)

Page 22, after line 9, insert:

"Sec. 27. **TASK FORCE ON HOUSING TAXES AND FEES.**

Subdivision 1. **Establishment.** The Task Force on Housing Taxes and Fees is established to study and analyze the impact of state, county, and local taxes, fees, and exactions on the cost of housing development and preservation in the state.

Subd. 2. **Membership.** (a) The task force consists of 16 members, appointed as follows:

(1) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader;

(2) two members of the senate, one appointed by the majority leader and one appointed by the minority leader;

(3) the commissioner of revenue, or a designee;

(4) the commissioner of the Minnesota Housing Finance Agency, or a designee;

(5) one member representing the Association of Minnesota Counties;

(6) one member representing the League of Minnesota Cities;

(7) one member representing the Builders Association of Minnesota;

(8) one member representing the Minnesota Realtors;

(9) one member representing the Minnesota Multi Housing Association;

(10) one member representing a nonprofit affordable housing developer;

(11) one member representing a Tribal government; and

(12) three members of the public with expertise in municipal finance or housing policy, appointed by the governor.

(b) Appointments must be made no later than July 1, 2026.

(c) The task force must elect a chair at its first meeting from among the legislative task force members.

Subd. 3. **Duties.** The task force shall:

(1) inventory all current state and local taxes and related fees imposed on the development of new housing, including but not limited to building permit fees, exactions, park dedication fees, and infrastructure impact fees;

(2) analyze the cumulative effect of state and local taxes and fees on the net cost of residential construction;

(3) analyze how housing-related taxes are allocated to state, county, and local governments; and

(4) make recommendations for legislative or administrative changes to reduce the cost burden of taxes and fees on housing while maintaining essential public services.

Subd. 4. **Administration.** The Legislative Coordinating Commission shall convene the first meeting by August 15 and provide staff and administrative support to the task force.

Subd. 5. **Open Meeting Law.** Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

Subd. 6. **Compensation.** Members of the task force shall receive no compensation and are not eligible for reimbursement of expenses.

Subd. 7. **Report.** By February 15, 2027, the task force shall submit a report with its findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over housing and taxes.

Subd. 8. **Expiration.** The task force expires the day after submitting the report required under subdivision 7.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1141 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 35 and nays 31, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Fateh | Johnson Stewart | Maye Quade | Port |
| Boldon | Frentz | Klein | McEwen | Putnam |
| Carlson | Gustafson | Kunesh | Mohamed | Rest |
| Champion | Hauschild | Kupec | Murphy | Seeberger |
| Clark | Hawj | Latz | Oumou Verbeten | Westlin |
| Cwodzinski | Hemmingsen-Jaeger | Mann | Pappas | Wiklund |
| Dibble | Hoffman | Marty | Pha | Xiong |

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Carlson, Hemmingsen-Jaeger, Johnson Stewart, Marty, Murphy, Pappas, Rest, and Wiklund.

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Bahr | Farnsworth | Jasinski | Lucero | Weber |
| Coleman | Green | Johnson | Mathews | Wesenberg |
| Dahms | Gruenhagen | Koran | Miller | Westrom |
| Dornink | Heintzeman | Kreun | Pratt | |
| Draheim | Holmstrom | Lang | Rarick | |
| Drazkowski | Housley | Lieske | Rasmusson | |
| Duckworth | Howe | Limmer | Utke | |

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Johnson.

So the bill, as amended, was passed and its title was agreed to.

## RECESS

Senator Westrom moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

## CALL OF THE SENATE

Senator Boldon imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

## SPECIAL ORDER

**H.F. No. 3900:** A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article XI, section 8; modifying the investment, management, and distribution policy for the permanent school fund; amending Minnesota Statutes 2024, sections 11A.16, subdivisions 5, 6; 127A.32.

Senator Kunesh moved that the amendment made to H.F. No. 3900 by the Committee on Rules and Administration in the report adopted May 6, 2026, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

Senator Duckworth moved to amend H.F. No. 3900 as follows (A-2):

Page 2, line 7, after the period, insert "Passage of a law regarding the distribution policy or the distribution apportionment to the different school districts from the permanent school fund requires the vote of two-thirds of the members of each house of the legislature."

## CALL OF THE SENATE

Senator Rasmusson imposed a call of the Senate for the balance of the proceedings on the Duckworth (A-2) amendment to H.F. No. 3900. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Duckworth (A-2) amendment.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Duckworth | Housley | Lieske | Rarick |
| Bahr | Farnsworth | Howe | Limmer | Rasmusson |
| Coleman | Green | Jasinski | Lucero | Utke |
| Dahms | Gruenhagen | Johnson | Mathews | Weber |
| Dornink | Heintzeman | Koran | Miller | Wesenberg |
| Draheim | Hoffman | Kreun | Nelson | Westrom |
| Drazkowski | Holmstrom | Lang | Pratt | |

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Howe and Johnson.

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Boldon | Frentz | Kunesh | Mohamed | Rest |
| Carlson | Gustafson | Kupec | Murphy | Seeberger |
| Champion | Hauschild | Latz | Oumou Verbeten | Westlin |
| Clark | Hawj | Mann | Pappas | Wiklund |
| Cwodzinski | Hemmingsen-Jaeger | Marty | Pha | Xiong |
| Dibble | Johnson Stewart | Maye Quade | Port | |
| Fateh | Klein | McEwen | Putnam | |

Pursuant to Rule 40, Senator Hawj cast the negative vote on behalf of the following Senators: Carlson, Hauschild, Hemmingsen-Jaeger, Marty, Murphy, and Port.

The motion prevailed. So the amendment was adopted.

H.F. No. 3900 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 59 and nays 8, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Duckworth | Housley | Marty | Pratt |
| Boldon | Farnsworth | Johnson Stewart | Mathews | Putnam |
| Carlson | Fateh | Klein | Maye Quade | Rarick |
| Champion | Frentz | Koran | McEwen | Rest |
| Clark | Gruenhagen | Kreun | Miller | Seeberger |
| Coleman | Gustafson | Kunesh | Mohamed | Utke |
| Cwodzinski | Hauschild | Kupec | Murphy | Weber |
| Dahms | Hawj | Lang | Nelson | Wesenberg |
| Dibble | Heintzeman | Latz | Oumou Verbeten | Westlin |
| Dornink | Hemmingsen-Jaeger | Lieske | Pappas | Wiklund |
| Draheim | Hoffman | Lucero | Pha | Xiong |
| Drazkowski | Holmstrom | Mann | Port | |

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Carlson, Frentz, Hauschild, Hemmingsen-Jaeger, Marty, Murphy, and Port.

Those who voted in the negative were:

| | | | |
|---|---|---|---|
| Bahr | Howe | Johnson | Rasmusson |
| Green | Jasinski | Limmer | Westrom |

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Howe and Johnson.

So the bill, as amended, was passed and its title was agreed to.

## SPECIAL ORDER

**H.F. No. 3522:** A bill for an act relating to veterans; allowing the commissioner of veterans affairs to temporarily close veterans homes under certain circumstances; amending Minnesota Statutes 2024, section 198.01.

Senator Putnam moved to amend H.F. No. 3522, as amended pursuant to Rule 45, adopted by the Senate May 6, 2026, as follows (A-2):

(The text of the amended House File is identical to S.F. No. 3955.)

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2024, section 171.07, subdivision 15, is amended to read:

Subd. 15. **Veteran designation.** (a) At the request of an eligible applicant and on payment of the required fee, the department must issue, renew, or reissue to the applicant a driver's license or Minnesota identification card bearing a graphic or written designation of:

(1) Veteran; ~~or~~

(2) Veteran 100% T&P; or

(3) SGU Veteran.

(b) At the time of the initial application for the designation provided under this subdivision, the applicant must:

(1) be one of the following:

(i) a veteran, as defined in section 197.447; ~~or~~

(ii) a retired or honorably discharged member of the National Guard or a reserve component of the United States armed forces; or

(iii) a veteran of the Secret War in Laos, as defined in section 197.448, subdivision 1, paragraph (e);

(2) provide a certified copy of the applicant's discharge papers that confirms an honorable or general discharge under honorable conditions status, ~~or~~ a military retiree identification card, a veteran identification card, ~~or~~ a veteran health identification card, or an eligibility certificate under section 197.448 if the applicant seeks the designation under paragraph (a), clause (3); and

(3) if the applicant is seeking the disability designation under paragraph (a), clause (2), provide satisfactory evidence of a 100 percent total and permanent service-connected disability as determined by the United States Department of Veterans Affairs.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 2. Minnesota Statutes 2025 Supplement, section 192.49, subdivision 1, is amended to read:

Subdivision 1. **Officers and enlisted members.** Every commissioned officer and enlisted member of the military forces ~~shall~~ must receive from the state, while engaged in state active service as defined in section 190.05, subdivision 5a, pay and allowances at the rate now or hereafter paid or allowed by law to officers or enlisted members of the same grade and length of service in the armed forces of the United States, but basic pay must not be less than ~~$130 a day~~ basic pay of an E-5 pay grade according to the military basic pay tables maintained by the federal Defense Finance and Accounting Service.

Sec. 3. **[196.055] REQUIREMENTS FOR LEGISLATIVELY DIRECTED COMPETITIVE AND DIRECT GRANTS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Active service member" means a person currently serving in the uniformed services of the United States:

(1) on active duty who is a resident of the state or stationed in the state; or

(2) in a reserve component who is a resident of the state.

(c) "Commissioner" means the commissioner of veterans affairs.

(d) "Dependent child" means a child under the age of 22 who is a biological or adopted child of a veteran.

(e) "Immediate family member" means a spouse or dependent child of a veteran.

(f) "Veteran" means a person who is a resident of Minnesota and who served in the armed forces of the United States of America.

Subd. 2. **Grantee eligibility.** (a) To be eligible to receive a legislatively directed competitive or direct grant administered by the commissioner, the grantee must:

(1) be a Minnesota-based nonprofit organization that has been operating for at least five years;

(2) be in good standing with the Office of the Attorney General; and

(3) have a current federal tax form 990 on file with the federal Internal Revenue Service.

(b) Grants made by the commissioner pursuant to sections 190.19, subdivision 2a, paragraph (a), clauses (5) and (6); 197.608; and 197.61 are exempt from the requirements of this section.

Subd. 3. **Limitations on use of grant money.** (a) A grantee may only use grant money subject to this section to provide services to:

(1) Minnesota veterans;

(2) active service members;

(3) immediate family members of a Minnesota veteran or active service member; and

(4) immediate family members of a deceased Minnesota veteran who died in the line of duty.

(b) When there are insufficient resources to serve all eligible applicants, a grantee must prioritize serving veterans with a service-connected disability.

Subd. 4. **Grant application scoring system.** The commissioner must develop a grant application scoring system that evaluates grant applications based upon an applicant's demonstrated history of

serving veterans. The scoring system must include measurable outcomes for veterans previously served by the applicant.

Subd. 5. **Grant amounts.** The commissioner shall determine the amount of each legislatively directed competitive grant awarded based on the results of the scoring system developed pursuant to subdivision 4. The commissioner may not use a grantee's request for a designated grant amount as a factor to determine the amount of the grant awarded to the grantee.

Subd. 6. **Suspension of grant money.** The commissioner may withhold amounts awarded to a grantee if the commissioner determines that the grantee has committed fraud, is under criminal investigation, has conducted itself in a manner that brings the state of Minnesota or the Department of Veterans Affairs into disrepute, or is incapable of delivering the services required under the grant agreement.

Subd. 7. **Reports.** (a) Beginning in 2027, by February 15 of each year a grantee must submit a report to the commissioner that includes the following information:

(1) a summary of the purpose of the grant;

(2) the grant amount provided to the grantee;

(3) the amount of previous grants issued by the commissioner to the grantee;

(4) the amount of other state and federal grants received by the grantee in the most recent fiscal year;

(5) the number of veterans, active service members, and immediate family members served by the grantee;

(6) the number of veterans, active service members, and immediate family members who successfully completed the grantee's programming and the criteria used to determine successful completion of the program; and

(7) the grantee's charitable giving ratio.

(b) The commissioner may require a grantee to report information in addition to the required information under paragraph (a) if specified in the grantee's grant agreement with the state.

(c) Beginning in 2027, by March 1 of each year the commissioner must submit a report on grantees that received legislatively directed competitive or direct grants from the agency in the preceding year to the chairs and ranking minority members of the legislative committees with jurisdiction over veterans affairs policy and finance. The report must summarize the information and aggregate the data provided by grantees under paragraph (a).

Subd. 8. **Administrative costs.** The commissioner may retain up to five percent of the amount appropriated for legislatively directed competitive and direct grants to fund administrative and compliance monitoring costs related to the grants.

Subd. 9. **Interaction with other law.** Notwithstanding any law to the contrary, the requirements for grants established in this section are in addition to the applicable grants management requirements imposed under sections 16B.97 to 16B.991.

Sec. 4. Minnesota Statutes 2024, section 197.231, is amended to read:

**197.231 HONOR GUARDS.**

The commissioner of veterans affairs shall pay, within available funds and upon request by a local unit of a congressionally chartered veterans organization or its auxiliary, up to $50 to the local unit for each time that local unit provides an honor guard detail at the funeral of a:

(1) deceased veteran;

(2) veteran of the Secret War in Laos, as defined in section 197.448, subdivision 1; or

(3) member of a reserve component of the armed forces, and any member of the Army National Guard or the Air National Guard, as defined in section 197.236, subdivision 8, paragraph (b), clause (3).

If the local unit provides a student to play "Taps," the local unit may pay some or all of the $50 to the student.

Sec. 5. Minnesota Statutes 2025 Supplement, section 197.236, subdivision 8, is amended to read:

Subd. 8. **Eligibility.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "minor child" means an unmarried child under 21 years of age or under 23 years of age and pursuing a full-time course of instruction at an approved educational institution;

(2) "unmarried adult child" means an unmarried child who became permanently physically or mentally disabled and incapable of self support before 21 years of age or before 23 years of age and pursuing a full-time course of instruction at an approved educational institution; and

(3) "willful misconduct" means an act involving conscious wrongdoing or known prohibited action as described in United States Code, title 38, section 3.1, paragraph (n).

(b) Cemeteries must be operated solely for the burial of the following persons:

(1) service members who die on active duty, eligible veterans, and ~~their spouses and dependent children,~~ other persons as ~~defined~~ listed in United States Code, title 38, section 2402, paragraph (a), subparagraphs 1 to ~~5~~ 4 and 7~~.~~;

(2) veterans of the Secret War in Laos;

(3) beginning January 1, 2027, members of a reserve component of the armed forces, and any member of the Army National Guard or the Air National Guard when:

(i) the member completed at least one full term of service and received an honorable discharge; or

(ii) the member's death occurs while in good standing with their assigned component and was not due to their willful misconduct;

(4) spouses, surviving spouses, minor children, or unmarried adult children of a person listed in United States Code, title 38, section 2402, paragraph (a), subparagraphs 1 to 4 and 7; and

(5) beginning January 1, 2027, spouses, surviving spouses, minor children, or unmarried adult children of a person listed in clause (3).

For purposes of this section, a surviving spouse includes a surviving spouse who had a subsequent marriage.

(c) An honorable discharge under this section does not include a general discharge under honorable conditions.

(d) Applicants with convictions under United States Code, title 18, section 704, are ineligible for burial in state veterans cemeteries. By January 1, 2027, the commissioner must establish a process to verify that applicants for burial have not been convicted of stolen valor.

Sec. 6. Minnesota Statutes 2025 Supplement, section 197.236, subdivision 9, is amended to read:

Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee schedule, which may be adjusted from time to time, for the interment of ~~eligible spouses and dependent children~~ qualified persons under subdivision 8, paragraph (b), clauses (2) to (5). The fees shall cover as nearly as practicable the actual costs of interment~~, excluding the value of the plot~~.

(b) Upon application, the commissioner may waive or reduce the burial fee for an indigent eligible person. The commissioner shall maintain a policy, eligibility standards, and application form for requests to waive or reduce the burial fee to indigent eligible applicants.

(c) No plot or interment fees may be charged for the burial of service members who die on active duty or eligible veterans, as defined in United States Code, title 38, section 2402, paragraph (a), subparagraphs 1 to 4 and 7.

Sec. 7. Minnesota Statutes 2025 Supplement, section 197.448, subdivision 1, is amended to read:

Subdivision 1. **Definition.** ~~As used in~~ (a) For purposes of this section, the ~~term~~ following terms have the meanings given.

(b) "Commissioner" has the meaning given in section 197.61, subdivision 2, paragraph (c).

(c) "Department" has the meaning given in section 197.61, subdivision 2, paragraph (e).

(d) "VA" has the meaning given in section 197.61, subdivision 2, paragraph (g).

(e) "Veteran of the Secret War in Laos" or "SGU veteran" means a person who resides in Minnesota and who:

(1) was naturalized as provided in section 2(1) of the federal Hmong Veterans' Naturalization Act of 2000, Public Law 106-207; or

(2) is a person who the commissioner of veterans affairs determines served honorably with a special guerrilla unit or with irregular forces that operated from a base in Laos in support of the armed forces of the United States at any time during the period beginning February 28, 1961, and ending May 14, 1975, and is a citizen of the United States or an alien lawfully admitted for permanent residence in the United States.

Sec. 8. Minnesota Statutes 2025 Supplement, section 197.448, subdivision 2, is amended to read:

Subd. 2. **Eligibility for benefits and privileges.** (a) A veteran of the Secret War in Laos, as defined in subdivision 1, paragraph (e), clause (1), is entitled to the benefits and privileges listed in paragraph (d) on July 2, 2025.

(b) A veteran of the Secret War in Laos, as defined in subdivision 1, paragraph (e), clause (2), is entitled to the benefits and privileges listed in paragraph (d) after the commissioner of veterans affairs verifies the person's veteran status. ~~The commissioner must not begin accepting applications for verification under this paragraph until the legislature enacts criteria and a protocol to determine:~~

~~(1) which Minnesotans served in special guerilla units or with irregular forces in Laos; and~~

~~(2) which of the Minnesotans who served in special guerilla units or with irregular forces in Laos are deserving of Minnesota veterans benefits.~~

(c) If the commissioner verifies a person's status as a veteran of the Secret War in Laos, the commissioner must provide the person with a certificate of eligibility for the benefits and privileges listed in paragraph (d) on a form developed by the commissioner for this purpose. The commissioner must develop the form required under this paragraph no later than September 15, 2025.

(d) The following statutory benefits and privileges available to a veteran, as defined in section 197.447, are also available to a veteran of the Secret War in Laos: ~~section 171.07, subdivision 15 (veteran designation on drivers' licenses and state identification cards);~~ section 43A.09 (civil service recruitment); section 43A.11 (veterans preference in state employment); section 43A.111 (certain disabled veterans); section 197.23 (purchase of grave markers); section 197.231 (honor guards); section 197.236 (state veterans cemeteries); section 197.455 (veterans preference); section 197.4551 (permissive preference for veterans in private employment); section 197.46 (writ of mandamus); section 197.48 (application); section 197.481 (enforcement by commissioner); and section 197.63 (vital records, certified copies)~~; section 197.65 (renewal of professional licenses, motor vehicle registration, and drivers' licenses); and section 197.987 (honor and remember flag)~~.

Sec. 9. Minnesota Statutes 2025 Supplement, section 197.448, is amended by adding a subdivision to read:

Subd. 3. **Eligibility determination.** (a) The commissioner must establish an application process to determine a veteran's eligibility for the benefits in subdivision 2, paragraph (d).

(b) To establish eligibility, an applicant must submit a completed application for preneed determination of eligibility for burial in a VA national cemetery. County veteran service officers and the commissioner must provide assistance to applicants filling out the application. The commissioner must make copies of the application and any successor form available on the department's website and at the department's offices.

(c) After the VA makes a determination on the application, the applicant must submit the determination to the commissioner. If the VA determines that an applicant is eligible to receive benefits under subdivision 2, paragraph (d), the commissioner must issue a certificate of eligibility to the applicant for the benefits and privileges under subdivision 2, paragraph (d).

Sec. 10. Minnesota Statutes 2025 Supplement, section 197.448, is amended by adding a subdivision to read:

Subd. 4. **Special consideration.** (a) If the VA determines that an applicant is not eligible, the applicant may request special consideration from the commissioner. The commissioner must establish a process to request special consideration consistent with the requirements of this subdivision. The commissioner must make applicable forms to request special consideration available on the department's website and at certain department offices.

(b) An applicant seeking special consideration under this subdivision must submit the following to the commissioner:

(1) documentation from the VA regarding the determination of ineligibility; and

(2) at least two different forms of documentation supporting the applicant's claim of veteran status, which may include:

(i) original service-related documents;

(ii) an affidavit from a commissioned officer, noncommissioned officer, or other member of the applicant's chain of command who has direct knowledge of the applicant's service;

(iii) two affidavits from individuals who served with the applicant in a special guerrilla unit or irregular force and who have personal knowledge of the applicant's service; or

(iv) other appropriate and relevant proof of the applicant's service as determined by the commissioner, including but not limited to:

(A) photographs taken during the applicant's service in Laos;

(B) newspaper articles featuring or citing the applicant's service in a special guerrilla unit or irregular force;

(C) certificates of membership from a veteran's organization such as the Lao-Hmong American Coalition; Lao Veterans of America; SGU Veterans and Families of USA, Inc.; and Royal Lao Armed Forces and SGU;

(D) congressional recognition certificates;

(E) certificates of training;

(F) letters of commendation; or

(G) an affidavit from a case officer or former case officer in the United States intelligence services.

(c) The commissioner must review an application for special consideration submitted under this subdivision. The commissioner may request additional information from an applicant to validate the contents of an application for special consideration. If the commissioner determines that an applicant is eligible to receive benefits under subdivision 2, paragraph (d), the commissioner must issue a certificate of eligibility to the applicant for the benefits and privileges under subdivision 2, paragraph (d).

(d) If an application for special consideration is denied by the commissioner, an applicant may request a contested case hearing to challenge the commissioner's denial by filing a request with the commissioner within 60 days of the date of the denial notice. The request must state specific reasons for contesting the denial. A contested case hearing on a timely and properly filed request must be conducted according to the procedures in sections 14.57 to 14.62.

(e) The deadline to submit an application for eligibility under this subdivision is December 31, 2030.

Sec. 11. **[197.581] COMMANDERS TASK FORCE.**

Subdivision 1. **Establishment.** The Commanders Task Force is established to advise the legislature, the governor, and the commissioner on matters pertaining to veterans and veterans' families.

Subd. 2. **Membership.** The task force must consist of the elected leaders from the following congressionally chartered veteran service organizations in Minnesota:

(1) The American Legion;

(2) American Veterans;

(3) Disabled American Veterans;

(4) Jewish War Veterans;

(5) Marine Corps League;

(6) Military Order of the Purple Heart;

(7) Paralyzed Veterans of America; and

(8) Veterans of Foreign Wars.

Subd. 3. **Organization.** (a) The task force shall adopt standing rules and an order of business for conducting regular meetings.

(b) The task force shall annually elect a chair and a vice-chair from among current task force members.

Subd. 4. **Duties.** The task force shall:

(1) advise the commissioner, the legislature, and the governor on matters relating to veterans, the families of veterans, and the Minnesota Department of Veterans Affairs; and

(2) serve as a liaison between state government and the organizations that make up the task force membership.

Subd. 5. **Compensation.** Notwithstanding section 15.059, subdivision 6, members are not entitled to compensation, per diem, reimbursement for child care expenses, or other expense reimbursement from state funds.

Subd. 6. **Expiration.** Notwithstanding section 15.059, subdivision 6, the task force shall not expire."

Page 1, after line 21, insert:

"Sec. 13. **APPROPRIATIONS.**

(a) $59,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of veterans affairs for the purposes of this act.

(b) $141,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of public safety for the purposes of this act. This is a onetime appropriation.

Sec. 14. **REPEALER.**

Minnesota Statutes 2025 Supplement, section 192.49, subdivision 2, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 3522 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Carlson | Coleman | Dibble | Drazkowski |
| Bahr | Champion | Cwodzinski | Dornink | Duckworth |
| Boldon | Clark | Dahms | Draheim | Farnsworth |

| | | | | |
|---|---|---|---|---|
| Fateh | Housley | Latz | Murphy | Seeberger |
| Frentz | Howe | Lieske | Nelson | Utke |
| Green | Jasinski | Limmer | Oumou Verbeten | Weber |
| Gruenhagen | Johnson | Lucero | Pappas | Wesenberg |
| Gustafson | Johnson Stewart | Mann | Pha | Westlin |
| Hauschild | Klein | Marty | Port | Westrom |
| Hawj | Koran | Mathews | Pratt | Wiklund |
| Heintzeman | Kreun | Maye Quade | Putnam | Xiong |
| Hemmingsen-Jaeger | Kunesh | McEwen | Rarick | |
| Hoffman | Kupec | Miller | Rasmusson | |
| Holmstrom | Lang | Mohamed | Rest | |

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Carlson, Hauschild, Klein, Marty, Murphy, and Port.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Bahr, Howe, and Johnson.

So the bill, as amended, was passed and its title was agreed to.

## SPECIAL ORDER

**H.F. No. 3521:** A bill for an act relating to health; providing for an exception to the hospital construction moratorium; amending Minnesota Statutes 2024, section 144.551, subdivision 1.

Senator Westrom moved to amend H.F. No. 3521 as follows (A-1):

Delete everything after the enacting clause and insert:

### "ARTICLE 1

### HOSPITAL CONSTRUCTION MORATORIUM REPEAL

Section 1. **HOSPITAL CONSTRUCTION MORATORIUM EXEMPTION CONTINUATION.**

Any condition on which a hospital construction moratorium exemption was granted under Minnesota Statutes 2024, section 144.551, remains in effect.

Sec. 2. **REPEALER.**

Minnesota Statutes 2024, section 144.551, subdivisions 1, 1a, 2, 3, and 4, are repealed.

### ARTICLE 2

### CONFORMING CHANGES

Section 1. Minnesota Statutes 2024, section 62J.17, subdivision 3, is amended to read:

Subd. 3. ~~**Hospital and**~~ **Nursing home moratoria preserved; nursing homes exempt.** Nothing in this section supersedes or limits the applicability of section ~~144.551 or~~ 144A.071. This section

does not apply to major spending commitments made by nursing homes or intermediate care facilities that are related to the provision of long-term care services to residents.

Sec. 2. Minnesota Statutes 2024, section 144.55, subdivision 4, is amended to read:

Subd. 4. **Routine inspections; presumption.** Any hospital surveyed and accredited under the standards of the hospital accreditation program of an approved accrediting organization that submits to the commissioner within a reasonable time copies of (a) its currently valid accreditation certificate and accreditation letter, together with accompanying recommendations and comments and (b) any further recommendations, progress reports and correspondence directly related to the accreditation is presumed to comply with application requirements of subdivision 1 and the standards requirements of subdivision 3 and no further routine inspections or accreditation information shall be required by the commissioner to determine compliance. Notwithstanding the provisions of sections 144.54 and 144.653, subdivisions 2 and 4, hospitals shall be inspected only as provided in this section. The provisions of section 144.653 relating to the assessment and collection of fines shall not apply to any hospital. The commissioner of health shall annually conduct, with notice, validation inspections of a selected sample of the number of hospitals accredited by an approved accrediting organization, not to exceed ten percent of accredited hospitals, for the purpose of determining compliance with the provisions of subdivision 3. If a validation survey discloses a failure to comply with subdivision 3, the provisions of section 144.653 relating to correction orders, reinspections, and notices of noncompliance shall apply. The commissioner shall also conduct any inspection necessary to determine whether hospital construction, addition, or remodeling projects comply with standards for construction promulgated in rules pursuant to subdivision 3. The commissioner may also conduct inspections to determine whether a hospital or hospital corporate system continues to satisfy the conditions on which a hospital construction moratorium exception was granted under Minnesota Statutes 2024, section 144.551, subdivision 1a. Pursuant to section 144.653, the commissioner shall inspect any hospital that does not have a currently valid hospital accreditation certificate from an approved accrediting organization. Nothing in this subdivision shall be construed to limit the investigative powers of the Office of Health Facility Complaints as established in sections 144A.51 to 144A.54.

Sec. 3. Minnesota Statutes 2024, section 144.55, subdivision 6, is amended to read:

Subd. 6. **Suspension, revocation, and refusal to renew.** (a) The commissioner may refuse to grant or renew, or may suspend or revoke, a license on any of the following grounds:

(1) violation of any of the provisions of sections 144.50 to 144.56 or the rules or standards issued pursuant thereto, or Minnesota Rules, chapters 4650 and 4675;

(2) permitting, aiding, or abetting the commission of any illegal act in the institution;

(3) conduct or practices detrimental to the welfare of the patient; or

(4) obtaining or attempting to obtain a license by fraud or misrepresentation; or

(5) with respect to hospitals and outpatient surgical centers, if the commissioner determines that there is a pattern of conduct that one or more physicians, advanced practice registered nurses, or physician assistants who have a "financial or economic interest," as defined in section 144.6521,

subdivision 3, in the hospital or outpatient surgical center, have not provided the notice and disclosure of the financial or economic interest required by section 144.6521.

(b) The commissioner shall not renew a license for a boarding care bed in a resident room with more than four beds.

(c) The commissioner shall not renew licenses for hospital beds issued to a hospital or hospital corporate system pursuant to a hospital construction moratorium exception under Minnesota Statutes 2024, section 144.551, subdivision 1a, if the commissioner determines the hospital or hospital corporate system is not satisfying the conditions on which the exception was granted.

Sec. 4. **REPEALER.**

Minnesota Statutes 2024, sections 144.552; 144.553; and 376.08, subdivision 3, are repealed."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Duckworth | Howe | Limmer | Rasmusson |
| Bahr | Farnsworth | Jasinski | Lucero | Utke |
| Coleman | Green | Johnson | Mathews | Weber |
| Dahms | Gruenhagen | Koran | Miller | Wesenberg |
| Dornink | Heintzeman | Kreun | Nelson | Westrom |
| Draheim | Holmstrom | Lang | Pratt | |
| Drazkowski | Housley | Lieske | Rarick | |

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Howe and Johnson.

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Boldon | Frentz | Klein | McEwen | Putnam |
| Carlson | Gustafson | Kunesh | Mohamed | Rest |
| Champion | Hauschild | Kupec | Murphy | Seeberger |
| Clark | Hawj | Latz | Oumou Verbeten | Westlin |
| Cwodzinski | Hemmingsen-Jaeger | Mann | Pappas | Wiklund |
| Dibble | Hoffman | Marty | Pha | Xiong |
| Fateh | Johnson Stewart | Maye Quade | Port | |

Pursuant to Rule 40, Senator Hawj cast the negative vote on behalf of the following Senators: Carlson, Fateh, Hauschild, Klein, Marty, and Port.

The motion did not prevail. So the amendment was not adopted.

H.F. No. 3521 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Farnsworth | Jasinski | Marty | Rarick |
| Bahr | Fateh | Johnson | Mathews | Rasmusson |
| Boldon | Frentz | Johnson Stewart | Maye Quade | Rest |
| Carlson | Green | Klein | McEwen | Seeberger |
| Champion | Gruenhagen | Koran | Miller | Utke |
| Clark | Gustafson | Kreun | Mohamed | Weber |
| Coleman | Hauschild | Kunesh | Murphy | Wesenberg |
| Cwodzinski | Hawj | Kupec | Nelson | Westlin |
| Dahms | Heintzeman | Lang | Oumou Verbeten | Westrom |
| Dibble | Hemmingsen-Jaeger | Latz | Pappas | Wiklund |
| Dornink | Hoffman | Lieske | Pha | Xiong |
| Draheim | Holmstrom | Limmer | Port | |
| Drazkowski | Housley | Lucero | Pratt | |
| Duckworth | Howe | Mann | Putnam | |

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Carlson, Fateh, Hauschild, Klein, Marty, and Port.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Howe and Johnson.

So the bill passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

## RECONSIDERATION

Having voted on the prevailing side, Senator Johnson Stewart moved that the vote whereby S.F. No. 1714 was passed by the Senate on May 7, 2026, be now reconsidered. The motion prevailed. So the vote was reconsidered.

S.F. No. 1714 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Abeler | Farnsworth | Jasinski | Marty | Rarick |
| Bahr | Fateh | Johnson | Mathews | Rasmusson |
| Boldon | Frentz | Johnson Stewart | Maye Quade | Rest |
| Carlson | Green | Klein | McEwen | Seeberger |
| Champion | Gruenhagen | Koran | Miller | Utke |
| Clark | Gustafson | Kreun | Mohamed | Weber |
| Coleman | Hauschild | Kunesh | Murphy | Wesenberg |
| Cwodzinski | Hawj | Kupec | Nelson | Westlin |
| Dahms | Heintzeman | Lang | Oumou Verbeten | Westrom |
| Dibble | Hemmingsen-Jaeger | Latz | Pappas | Wiklund |
| Dornink | Hoffman | Lieske | Pha | Xiong |
| Draheim | Holmstrom | Limmer | Port | |
| Drazkowski | Housley | Lucero | Pratt | |
| Duckworth | Howe | Mann | Putnam | |

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Carlson, Fateh, Hauschild, Klein, Kunesh, Marty, and Port.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Howe and Johnson.

So the bill, as amended, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

## REPORTS OF COMMITTEES

**Senator Xiong from the Committee on State and Local Government, to which was referred**

**S.F. No. 4276:** A bill for an act relating to retirement; making administrative changes to statutes governing the retirement plans administered by the Minnesota State Retirement System; clarifying that correctional employees remain in the correctional employees retirement plan while working for a labor organization; making conforming changes to retirement annuity application procedures; modifying enrollment procedures in the state fire marshals subplan; clarifying that the correctional plan membership committee is not subject to the open meeting law and agency appointment and registration requirements; allowing current deputy fire marshals to elect coverage by the state fire marshals subplan; amending Minnesota Statutes 2024, sections 352.021, subdivision 2; 352.029, subdivisions 1, 2, 2a; 352.115, subdivisions 7a, 8, 9; 352.87, subdivisions 1, 2; Minnesota Statutes 2025 Supplement, sections 352.029, subdivision 3; 352.905, by adding a subdivision; 352.907, by adding a subdivision; repealing Minnesota Statutes 2024, section 352.87, subdivision 8.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

### "ARTICLE 1

### MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2024, section 352.021, subdivision 2, is amended to read:

Subd. 2. **State employees covered.** Every person who becomes a state employee as defined in section 352.01 is covered by the general state employees retirement plan, unless the state employee is covered by the correctional employees retirement plan under section 352.905. Acceptance of state employment or continuance in state service is deemed to be consent by the state employee to have deductions made from salary for deposit to the credit of the account of the state employee in the retirement fund of the plan that provides retirement coverage for the state employee.

Sec. 2. Minnesota Statutes 2024, section 352.029, subdivision 1, is amended to read:

Subdivision 1. **Qualifications.** (a) Unless ~~already~~ specifically included under section 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision 2b, a state employee covered by the general state employees retirement plan who is on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees may elect under subdivision 2 to be covered by the general state employees retirement plan ~~of the Minnesota State Retirement System~~ for service with the labor organization, subject to the limitations set forth in subdivisions 2a and 2b.

(b) Unless specifically included under section 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision 2b, a state employee covered by the correctional employees retirement plan who is on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees may elect under subdivision 2 to be covered by the correctional employees retirement plan for service with the labor organization, subject to the limitations set forth in subdivisions 2a and 2b.

Sec. 3. Minnesota Statutes 2024, section 352.029, subdivision 2, is amended to read:

Subd. 2. **Election.** A person described in subdivision 1 is covered by the ~~system~~ general employees retirement plan under subdivision 1, paragraph (a), or the correctional employees retirement plan under subdivision 1, paragraph (b), if the person delivers a written election to be covered ~~is delivered~~ to the executive director within 90 days of being employed by the labor organization~~,~~ or within 90 days of starting the first leave of absence ~~with an exclusive bargaining agent~~ to provide service as an employee or officer of a labor organization, whichever is later.

Sec. 4. Minnesota Statutes 2024, section 352.029, subdivision 2a, is amended to read:

Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary for a labor organization employee who is a member under section 352.01, subdivision 2a, paragraph (a), or who qualifies for membership under this section ~~or section 352.75~~ is limited to the lesser of:

(1) the employee's ~~actual~~ salary as defined under section 352.01, subdivision 13; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this subdivision must be used in determining employee, employer, and supplemental employer ~~additional~~ contributions under ~~section~~ sections 352.04, subdivisions 2 and 3, and 352.92 and in determining retirement annuities and other benefits under this chapter and chapter 356.

Sec. 5. Minnesota Statutes 2025 Supplement, section 352.029, subdivision 3, is amended to read:

Subd. 3. **Contributions.** (a) The employee and employer contributions required by section 352.04~~,~~ for employees covered by the general state employees retirement plan or by section 352.92 for employees covered by ~~section 352.905,~~ the correctional employees retirement plan are the obligation of the employee ~~who is a member under section 352.01, subdivision 2a, paragraph (a), or~~ who chooses coverage under this section. However, the employing labor organization may pay the employer contributions to the general state employees retirement fund as required by section 352.04 for employees covered by the general state employees retirement plan or to the correctional

employees retirement fund as required by section 352.92 for employees covered by the correctional employees retirement plan.

(b) Contributions made by the employee must be made by salary deduction. ~~The employing labor organization shall pay all contributions to the system as required by section 352.04, or by section 352.92 for employees covered by section 352.905.~~

Sec. 6. Minnesota Statutes 2024, section 352.115, subdivision 7a, is amended to read:

Subd. 7a. **Application procedure.** (a) The ~~filing of an~~ application for an annuity, refund, disability benefit, survivor benefit, death benefit, or other ~~monthly~~ benefit authorized by this chapter or chapter 3A, 352B, 352D, or 490 must comply with this subdivision.

(b) Filing of an application ~~under paragraph (a) is not complete until~~ is effective on the date an original application ~~and supporting documents are~~ is received in an office of the system or received by a person authorized by the director. An original application may not be an electronic copy or facsimile copy and if received in an office of the system, must be delivered by personal service or mail.

(c) ~~In this subdivision,~~ To complete the application, supporting documents must be received in an office of the system or received by a person authorized by the director no later than 60 days after filing the application. Supporting documents are not required to be original documents except as determined by the director. "Supporting documents" are:

(1) documents sufficient to verify birth date;

(2) documents sufficient to verify marital status or establish the terms of a divorce, if applicable; and

(3) the spousal acknowledgment required by section 356.46, subdivision 3, paragraph (b).

~~Supporting documents are not required to be original documents except as determined by the director.~~

Sec. 7. Minnesota Statutes 2024, section 352.115, subdivision 8, is amended to read:

Subd. 8. **Accrual of annuity.** (a) The application for an annuity must not be ~~made~~ filed more than 60 days before the ~~time~~ date the state employee or former state employee elects to begin collecting a retirement annuity.

(b) If the director determines an applicant for annuity has fulfilled the legal requirements for an annuity, the director shall authorize the annuity payment in accordance with this chapter and payment must be made as authorized.

(c) An annuity shall begin to accrue no earlier than 180 days before the date the application is filed with the director, but not before the day following the termination of state service or before the day the employee is eligible to retire by reason of both age and service requirements.

(d) The retirement annuity shall cease with the last payment which had accrued during the lifetime of the retired employee unless an optional annuity provided in section 352.116, subdivision 3, had been selected and had become payable. The joint and last survivor annuity shall cease with

the last payment received by the survivor during the lifetime of the survivor. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option, and a spouse survives, the spouse is entitled only to the annuity for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor is entitled to the annuity for the calendar month in which the retired employee died.

Sec. 8. Minnesota Statutes 2024, section 352.115, subdivision 9, is amended to read:

Subd. 9. **Annuities payable monthly.** All annuities, and disability benefits authorized by this chapter, must be paid in equal monthly installments and must not be increased, decreased, or revoked except as provided in this chapter or chapter 356.

Sec. 9. Minnesota Statutes 2024, section 352.87, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A member of the general state employees retirement plan who is employed by the Department of Public Safety, State Fire Marshal Division, as a deputy state fire marshal, fire/arson investigator, ~~who elects special benefit coverage under subdivision 8,~~ is entitled to retirement ~~benefits~~ or disability benefits, as applicable, as stated in this section for eligible service under this section rendered after July 1, 1999, for which allowable service credit is received~~.~~ if the member is first employed as a deputy state fire marshal, fire/arson investigator:

(1) before July 1, 2026, and the member elected special benefit coverage under the laws in effect on the day the member was first employed as a deputy state fire marshal, fire/arson investigator; or

(2) after June 30, 2026.

(b) The covered member must be at least age 55 to qualify for the retirement annuity specified in subdivision 3.

Sec. 10. Minnesota Statutes 2024, section 352.87, subdivision 2, is amended to read:

Subd. 2. **Retirement annuity eligibility.** A person specified in subdivision 1 who meets all eligibility requirements specified in this chapter applicable to ~~general plan~~ members of the general state employees retirement plan is eligible for retirement benefits as specified in subdivision 3.

Sec. 11. Minnesota Statutes 2025 Supplement, section 352.905, is amended by adding a subdivision to read:

Subd. 8. **Employees of labor organization.** Employees who meet the coverage and election requirements of section 352.029 will continue to be covered by the correctional employees retirement plan.

Sec. 12. Minnesota Statutes 2025 Supplement, section 352.907, is amended by adding a subdivision to read:

Subd. 7. **Certain laws not applicable to the membership committee.** (a) Meetings of the correctional plan membership committee are not subject to chapter 13D.

(b) The correctional plan membership committee is not an agency for the purposes of sections 15.0597 and 15.0599.

Sec. 13. **ELECTION OF COVERAGE FOR CURRENT DEPUTY STATE FIRE MARSHALS.**

Subdivision 1. **Definition.** For purposes of this section, "eligible employee" means a member of the general state employees retirement plan of the Minnesota State Retirement System who began employment with the Department of Public Safety, State Fire Marshal Division, as a deputy state fire marshal, fire/arson investigator, after July 31, 2021, and before October 5, 2022.

Subd. 2. **Election of coverage.** (a) An eligible employee may file a notice with the executive director of the Minnesota State Retirement System on a form prescribed by the executive director stating that the employee elects to be covered by section 352.87. Notice must be filed no later than 60 days after enactment of this section.

(b) Elections under this subdivision are irrevocable during any period of covered employment.

(c) An eligible employee who makes an election under this subdivision is entitled to retirement or disability benefits, as applicable, as stated in section 352.87. Elected coverage is effective retroactively from the first day of employment.

(d) A failure to file a timely notice is deemed a waiver of coverage by section 352.87.

Subd. 3. **Calculation of additional contributions due.** (a) Upon the request of an eligible employee before the eligible employee files the notice electing coverage under subdivision 2 or if an eligible employee files the notice electing coverage under subdivision 2, the executive director of the Minnesota State Retirement System must calculate:

(1) the employee contributions that would have been deducted from the eligible employee's salary starting with the first day of covered employment but were not deducted because the eligible employee had not yet filed the notice electing coverage, plus interest at the applicable rate or rates specified in section 356.59, subdivision 2; and

(2) the employer contributions that would have been paid by the employer starting with the eligible employee's first day of covered employment but were not deducted because the eligible employee had not yet filed the notice electing coverage, plus interest at the applicable rate or rates specified in section 356.59, subdivision 2.

(b) The executive director must inform the eligible employee and the Department of Public Safety of the amounts calculated under paragraph (a) no later than 30 days after receiving the request or the notice electing coverage from the eligible employee.

Subd. 4. **Payment of additional contributions.** (a) If an eligible employee files a notice electing coverage under subdivision 2, the eligible employee must pay the employee contributions and interest computed under subdivision 3, paragraph (a), to the general employees retirement fund of the Minnesota State Retirement System in a lump sum. Payment must be made within six months of filing the notice electing coverage under subdivision 2 or on the date the eligible employee terminates employment as a deputy state fire marshal, fire/arson investigator, whichever is earlier.

(b) The Department of Public Safety must pay the employer contributions and interest computed under subdivision 3, paragraph (a), to the general employees retirement fund of the Minnesota State

Retirement System within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the Department of Public Safety that the eligible employee made the payment required under paragraph (a).

Sec. 14. **REPEALER.**

Minnesota Statutes 2024, section 352.87, subdivision 8, is repealed.

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective July 1, 2026.

## ARTICLE 2

## PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2025 Supplement, section 353.65, subdivision 3b, is amended to read:

Subd. 3b. **Direct state aid.** (a) The state must pay $4,500,000 on October 1, 2018, and October 1, 2019, to the public employees police and fire retirement plan. By October 1 of each year after 2019, the state must pay $9,000,000 to the public employees police and fire retirement plan.

(b) By October 1 of each year after 2024, the state must pay $17,700,000 to the public employees police and fire retirement plan.

(c) By October 1 of each year after 2025, the state must pay $8,000,000 to the public employees police and fire retirement plan.

~~(c)~~ (d) The commissioner of management and budget must pay the aid specified in this subdivision. The amount required is annually appropriated from the general fund to the commissioner of management and budget.

~~(d)~~ (e) The aid under paragraph (a) continues until the first day of the fiscal year following three consecutive fiscal years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 110 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215.

~~(e)~~ (f) The aid under paragraph (b) expires July 1, 2048.

(g) The aid under paragraph (c) expires July 1, 2042.

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

Sec. 2. Minnesota Statutes 2024, section 353E.03, subdivision 1, is amended to read:

Subdivision 1. **Member contributions.** A member of the plan shall make an employee contribution in an amount equal to ~~6.83~~ six percent of salary.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 353E.03, subdivision 2, is amended to read:

Subd. 2. **Employer contributions.** The employer shall contribute for a member of the plan an amount equal to ~~10.25~~ nine percent of salary.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 4. Minnesota Statutes 2025 Supplement, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Public employees police and fire retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) for each annuitant or benefit recipient who ~~will have~~ has been receiving ~~an~~ the annuity or benefit for at least ~~24~~ 12 full months as of the ~~immediate preceding~~ June 30 of the calendar year immediately before the effective date of the increase, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or

(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least ~~13~~ one full ~~months~~ month, but less than ~~24~~ 12 months as of the ~~immediate preceding~~ June 30 of the calendar year immediately before the effective date of the increase, a postretirement increase of 1/12 of one percent for each full month that the person has been receiving an annuity or benefit during the fiscal year in which the annuity or benefit was effective must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this ~~section~~ subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2027.

Sec. 5. Minnesota Statutes 2024, section 356.415, subdivision 1g, is amended to read:

Subd. 1g. **Annual postretirement adjustments; ~~PERA~~ Public Employees Retirement Association; local government correctional retirement plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the local government correctional retirement plan of the Public Employees Retirement Association shall be increased effective each January 1 by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (d).

(b) As of each January 1, The percentage of increase must be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than one percent. If the cost-of-living adjustment announced by the federal Social Security Administration

is greater than one percent, the percentage of increase must be the same as the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed the applicable maximum percentage in effect on January 1 under paragraph (c).

(c) The applicable maximum percentage in effect on January 1 is ~~2.5~~ three percent, unless either of the following is true, in which case the applicable maximum percentage is 1.5 percent:

(1) the market value of assets equals or is less than 85 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation. ~~If, on January 1 after a year during which the applicable maximum percentage was 1.5 percent, neither clause (1) or (2) is true, then the applicable maximum percentage is 2.5 percent.~~

(d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

(e) An increase in annuity or benefit payments under this ~~section~~ subdivision must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2027.

## ARTICLE 3

## TEACHERS RETIREMENT ASSOCIATION; ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION

Section 1. Minnesota Statutes 2024, section 354.05, subdivision 37, is amended to read:

Subd. 37. **Termination of teaching service.** "Termination of teaching service" means the withdrawal of a member from active teaching service by resignation or the termination of the member's teaching contract by the employer. A member is not considered to have terminated teaching service, if before the age of ~~62~~ 59-1/2, and before the effective date of the termination or retirement, the member has entered into a contract to resume teaching service with an employing unit covered by the provisions of this chapter. A contract to return to work after retirement for an active member who has attained age ~~62~~ 59-1/2 must comply with the provisions of section 354.444.

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

Sec. 2. Minnesota Statutes 2024, section 354.05, is amended by adding a subdivision to read:

Subd. 44. **Medical provider.** "Medical provider" means an individual licensed as a physician, chiropractor, physician assistant, APRN, or, with respect to a mental impairment, a psychologist.

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

Sec. 3. Minnesota Statutes 2024, section 354.07, subdivision 2, is amended to read:

Subd. 2. **Investigatory powers.** In passing upon all applications and claims, the board may summon, swear, hear, and examine witnesses and, in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a ~~physician~~ medical provider of the board's choice, at the expense of the claimant, as a condition precedent to the passing on the claim, and, in the case of all applications and claims, may conduct investigations necessary to determine the validity and merit of the same.

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

Sec. 4. Minnesota Statutes 2024, section 354.444, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** An eligible person is a person who:

(1) is a teacher as defined by section 354.05, subdivision 2, who is at least age ~~62~~ 59-1/2;

(2) enters into a written agreement with the employing unit to return to work; and

(3) retires under the provisions of section 354.44 and begins to draw an annuity from the Teachers Retirement Association.

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

Sec. 5. Minnesota Statutes 2024, section 354.444, subdivision 3, is amended to read:

Subd. 3. **Work agreement.** (a) A member who is at least age 59-1/2 may, before the effective date of retirement, enter into a written agreement to return to work with an employing unit covered by the provisions of this chapter.

(b) Participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employing unit and the employee. The employing unit may require up to a one-year notice of intent to participate in the program as a condition of participation. The employing unit shall determine the time of year the employee shall work. Unless otherwise specified in this section, the employing unit may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

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

Sec. 6. Minnesota Statutes 2024, section 354.48, subdivision 4, is amended to read:

Subd. 4. **Determination by executive director.** (a) The executive director ~~shall~~ must have the member examined by ~~at least two licensed physicians, licensed chiropractors, or licensed psychologists~~ a licensed physician and any one or more medical providers.

(b) ~~These physicians, chiropractors, APRNs, or psychologists with respect to a mental impairment, shall~~ The medical providers selected under paragraph (a) must make written reports to the executive director concerning the member's disability, including expert opinions as to whether or not the member is permanently and totally disabled within the meaning of section 354.05, subdivision 14.

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

(d) If, upon the consideration of the reports ~~of the physicians, chiropractors, APRNs, or psychologists~~ required under paragraph (b) and any other evidence presented by the member or by others interested therein, the executive director finds that the member is totally and permanently disabled, the executive director ~~shall~~ must grant the member a disability benefit.

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

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

Sec. 7. Minnesota Statutes 2024, section 354.48, subdivision 6, is amended to read:

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

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

Sec. 8. Minnesota Statutes 2024, section 354A.011, subdivision 14b, is amended to read:

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

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

Sec. 9. Minnesota Statutes 2024, section 354A.021, subdivision 8, is amended to read:

Subd. 8. **Annual audit ~~by state auditor~~.** (a) The books and accounts of the ~~teachers retirement fund~~ association must be examined and audited ~~periodically as considered necessary by the state auditor~~ annually. A full and detailed report of the examination and audit must be made and a copy provided to the ~~teachers retirement fund association~~ board ~~of trustees~~. The cost of any examination and audit must be paid by the ~~teachers retirement fund~~ association in accordance with section 6.56. For purposes of section 6.56, the ~~teachers retirement fund~~ association is considered a local governmental entity equivalent to a county, city, town, or school district.

(b) The examination and audit required under paragraph (a) must be conducted by the state auditor unless the state auditor has notified the association that the state auditor will not conduct the examination and audit for a particular year. For any year that the state auditor does not perform the examination and audit, the association must obtain the examination and audit by a CPA firm meeting the requirements of section 326A.05.

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

Sec. 10. Minnesota Statutes 2024, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member is the percentage of total salary specified below for the applicable program:

| Program | Percentage of Total Salary |
|---|---|
| ~~basic program after June 30, 2016, through June 30, 2023~~ | ~~10~~ |
| ~~basic program after June 30, 2023, through June 30, 2024~~ | ~~10.25~~ |
| ~~basic program after June 30, 2024, through June 30, 2025~~ | ~~10~~ |
| basic program after June 30, 2025, through June 30, 2026 | 11.25 |
| basic program after June 30, 2026 | ~~11.5~~ 10.5 |
| ~~coordinated program after June 30, 2016, through June 30, 2023~~ | ~~7.5~~ |
| ~~coordinated program after June 30, 2023, through June 30, 2024~~ | ~~7.75~~ |
| ~~coordinated program after June 30, 2024, through June 30, 2025~~ | ~~7.5~~ |
| coordinated program after June 30, 2025, through June 30, 2026 | 8.75 |
| coordinated program after June 30, 2026 | ~~9~~ 8 |

(b) Contributions must be made by deduction from salary and must be remitted directly to the association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

**EFFECTIVE DATE.** This section is effective July 1, 2026.

Sec. 11. Minnesota Statutes 2024, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Direct state aid to St. Paul Teachers Retirement Fund Association.** (a) The state must pay $2,827,000 to the St. Paul Teachers Retirement Fund Association.

(b) In addition to other amounts specified in this subdivision, the state must pay $7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(c) In addition to the other amounts specified in ~~paragraphs (a) and (b)~~ this subdivision, the state must pay $5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(d) In addition to the other amounts specified in this subdivision, the state must pay $3,400,000 as state aid to the St. Paul Teachers Retirement Fund Association.

~~(d)~~ (e) The aid under this subdivision is payable October 1 annually. The commissioner of management and budget must pay the aid specified in this subdivision. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

**EFFECTIVE DATE.** This section is effective July 1, 2026.

Sec. 12. Minnesota Statutes 2024, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and the aid under subdivision 3a, paragraphs (a) to ~~(c)~~ (d), continue until the earlier of:

(1) the first day of the fiscal year following three consecutive fiscal years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liability as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

**EFFECTIVE DATE.** This section is effective July 1, 2026.

Sec. 13. Minnesota Statutes 2024, section 356.219, subdivision 1, is amended to read:

Subdivision 1. **Report required.** (a) The Bloomington Fire Department Relief Association, volunteer firefighters relief associations governed by sections 424A.091 to 424A.095, the St. Paul Teachers Retirement Fund Association, and any Minnesota public pension plan that is not fully invested through the State Board of Investment, must report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) For purposes of this section, a pension plan is fully invested through the State Board of Investment during a given calendar year if all assets of the pension plan beyond sufficient cash equivalent investments to cover six months of expected expenses are invested under section 11A.17.

(c) A public pension plan to which subdivision 3, paragraph (b) or (c), applies is not required to file the report required by this subdivision for a given calendar year if the pension plan's most recent annual financial audit was conducted by the state auditor. The St. Paul Teachers Retirement Fund Association is not required to file the report required by this subdivision for a given calendar year if the St. Paul Teachers Retirement Fund Association:

(1) is audited by the state auditor under section 354A.021, subdivision 8, for the most recent annual audit; or

(2) submits to the state auditor an annual financial audit for the most recent annual audit that was conducted in accordance with auditing standards generally accepted in the United States of America.

(d) This section does not apply to the following plans:

(1) the Minnesota unclassified employees retirement program under chapter 352D;

(2) the public employees defined contribution plan under chapter 353D;

(3) the individual retirement account plans under chapters 354B and 354D;

(4) the higher education supplemental retirement plan under chapter 354C;

(5) any alternative retirement benefit plan established under section 383B.914;

(6) the University of Minnesota faculty retirement plan and supplemental plan; and

(7) any other statewide plan required to be invested by the State Board of Investment under section 11A.23.

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

Sec. 14. Laws 2022, chapter 65, article 3, section 1, subdivision 2, as amended by Laws 2024, chapter 102, article 1, section 8, is amended to read:

Subd. 2. **Temporary suspension of earnings limitation for teachers covered by TRA and SPTRFA.** (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall be deferred regardless of the amount of the salary earned from the teaching service during the preceding fiscal year. This paragraph applies only to salary earned during fiscal years ~~2022, 2023, 2024,~~ 2025, 2026, ~~and~~ 2027, 2028, 2029, and 2030 and annuity payments made during calendar years ~~2023, 2024, 2025,~~ 2026, 2027, ~~and~~ 2028, 2029, 2030, and 2031.

(b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be deferred or forfeited regardless of the amount of the salary earned from the teaching service during the preceding calendar year. This paragraph applies only to salary earned during calendar years ~~2022, 2023, 2024,~~ 2025, 2026, ~~and~~ 2027, 2028, 2029, and 2030 and annuity payments made during calendar years ~~2023, 2024, 2025,~~ 2026, 2027, ~~and~~ 2028, 2029, 2030, and 2031.

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

Sec. 15. Laws 2022, chapter 65, article 3, section 1, subdivision 3, as amended by Laws 2024, chapter 102, article 1, section 9, is amended to read:

Subd. 3. **Expiration date.** This section expires effective January 1, ~~2029~~ 2032.

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

## ARTICLE 4

## PROBATION AND TELECOMMUNICATOR RETIREMENT SUBPLAN OF THE MSRS GENERAL STATE EMPLOYEES RETIREMENT PLAN

Section 1. Minnesota Statutes 2024, section 352.75, subdivision 2, is amended to read:

Subd. 2. **New employees.** All persons employed by the Metropolitan Council as employees of the Transit Operating Division are:

(1) members of the general state employees retirement plan of the Minnesota State Retirement System unless specifically covered by the probation and telecommunicator retirement subplan under section 352.88; and ~~are~~

(2) state employees for purposes of this chapter unless specifically excluded under section 352.01, subdivision 2b.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 2. **[352.88] PROBATION OFFICERS AND PUBLIC SAFETY TELECOMMUNICATORS.**

Subdivision 1. **Policy.** It is the policy of the legislature that special consideration should be given to the pension benefits for employees of the state and governmental subdivisions who devote their time and skills to assisting the community and the courts as probation officers or serving the public and public safety partners as telecommunicators. Since this work can be hazardous or high stress, special provisions are made by this section for earlier full retirement than is provided to members of the general state employees retirement plan under section 352.01, subdivision 25. The additional cost of this benefit is split between the employees and employers.

Subd. 2. **Definitions.** (a) For purposes of this section and section 352.881, each of the following terms has the meaning given unless the language or context clearly indicates that a different meaning is intended. The definitions in section 352.01 apply to terms used in this section and section 352.881 unless the term is defined in this section.

(b) "Committee" means the probation and telecommunicator subplan membership committee established pursuant to section 352.881.

(c) "Employee organization" has the meaning given in section 179A.03, subdivision 6.

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

(e) "Member" means an individual to whom this section applies under subdivision 3.

(f) "Normal retirement age" means age 60.

(g) "Offset amount" means an amount available to offset the cost to purchase credit for past service upon the election by a member under subdivision 6, if state funding becomes available.

(h) "Past service" means allowable service credited to a member before January 1, 2027, and covered by the general plan that would have been service covered by this section had this section been in effect before January 1, 2027.

(i) "Probation officer" means a state employee, as defined in section 352.01, employed by the Department of Corrections:

(1) as:

(i) a corrections agent;

(ii) a corrections agent career;

(iii) a corrections agent senior;

(iv) a corrections field service district supervisor;

(v) a corrections community services regional director;

(vi) a corrections field services director;

(vii) a corrections field services program director; or

(2) whom the commissioner of corrections or the commissioner's delegate certifies, in the manner prescribed by the executive director, as having substantial responsibility for:

(i) providing community supervision services or overseeing the delivery of probation services; or

(ii) supervising employees eligible under item (i).

(j) "Public safety telecommunicator" means a state employee, as defined in section 352.01, employed by the Department of Public Safety or Metropolitan Council:

(1) as:

(i) a radio communications operator;

(ii) a radio communications supervisor;

(iii) a public safety answering point (PSAP) manager, as defined in Minnesota Rules, part 7580.0100, subpart 12;

(iv) a supervisor, transit control center; or

(2) whom the commissioner of public safety, the commissioner's delegate, the Metro Transit general manager, or the general manager's delegate, as applicable, certifies, in the manner prescribed by the executive director, as having substantial responsibility for:

(i) receiving, processing, transmitting, or dispatching emergency and nonemergency calls for law enforcement, fire, emergency medical, or other public safety services; or

(ii) supervising employees eligible under item (i).

(k) "Vesting" or "vested" means obtaining or having obtained a nonforfeitable entitlement to an annuity or benefit under this section by having earned credit for not less than three years of allowable service covered by this section or the general plan.

Subd. 3. **Eligibility.** This section applies to probation officers and public safety telecommunicators, unless the probation officer or public safety telecommunicator is age 60 or older with at least three years of allowable service in the general plan on January 1, 2027.

Subd. 4. **Retirement annuity.** (a) After separation from state service, a member who has attained at least normal retirement age and is vested is entitled, upon application, to a normal retirement annuity. The normal retirement annuity is equal to the member's average salary multiplied by 1.9 percent for each year of allowable service.

(b) After separation from state service, a member who has reached the age of 55 and is vested is entitled, upon application, to an early retirement annuity that is actuarially equivalent to the normal retirement annuity.

(c) Allowable service credited to a member under this section is credited in lieu of service credited to the general plan.

Subd. 5. **Additional contributions.** (a) A member must make an additional employee contribution of 2.71 percent of salary.

(b) The employer of a member must make an additional employer contribution of two percent of salary.

(c) Contributions under paragraphs (a) and (b) are in addition to the contributions required by section 352.04, subdivisions 2 and 3.

(d) Contributions under paragraphs (a) and (b) must be made in the manner provided in section 352.04, subdivisions 4 to 6.

Subd. 6. **Purchase of credit for past service.** (a) A member is entitled to elect a onetime purchase of credit for periods of past service to be added to the member's allowable service covered by this section and used in calculating the member's retirement annuity. The member must repay any refunds of employee contributions previously received from the general plan before purchasing past service credit under this section.

(b) A member may request an estimate of the cost of a service credit purchase under this paragraph.

(1) A member may file a request with the executive director for an estimate of the purchase price for up to three different periods of past service by filing an application on a form approved by the executive director.

(2) The member must file the request for an estimate before filing an election to purchase past service under paragraph (c).

(3) The member must submit with the estimate request payment of the administrative fee in the amount of $250 to cover the cost of preparing the estimates. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(4) The executive director must estimate the purchase price using the assumptions and applying any offset amount as directed under subdivision 7 for the periods of past service requested by the member and provide the estimates to the member.

(c) To purchase credit for past service, a member must file an application with the executive director on a form approved by the executive director before the annuity starting date of the member's retirement annuity or benefit. The application must:

(1) include documentation of the member's eligibility to make the purchase, signed written permission to allow the executive director to request and receive verification of applicable facts and eligibility requirements from the member's employer, and any other relevant information that the executive director may require;

(2) state the amount of credit for past service the member plans to purchase and be accompanied by a certification from one or more employers that the past service fulfills the requirements under subdivision 2, paragraph (h); and

(3) if the member did not previously pay the administrative fee under paragraph (b), include payment of the administrative fee of $250 to cover the cost of calculating the purchase price. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(d) The executive director must apply the assumptions and any offset amount under subdivision 7 to calculate the purchase price and notify the member. If the member elects to make the purchase of credit for past service, the member must arrange for the transfer of pretax money from another retirement plan. Payment must be made in one lump sum prior to the annuity starting date of the member's retirement annuity or benefit.

(e) Upon receipt of payment, the executive director must grant the member service credit for the period of past service for which credit was purchased.

Subd. 7. **Determination of past service purchase price.** (a) The executive director must calculate the purchase price for the period of past service elected by the member. The purchase price is an amount equal to the actuarial present value, on the date of payment, of the amount of the additional retirement annuity obtained by the additional service credit being purchased minus any offset amount.

(b) The executive director must calculate the purchase price by:

(1) using the investment return assumption specified in section 356.215, subdivision 8, and the mortality table in effect for the general plan;

(2) assuming continuous future service in the plan until the plan's minimum requirements for normal retirement or retirement with an annuity unreduced for retirement at an early age are met with the additional service credit purchased;

(3) assuming a full-time equivalent salary or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan; and

(4) reducing the amount determined under clauses (1) to (3) by any offset amount.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 3. **[352.881] SUBPLAN COVERAGE CHANGES.**

Subdivision 1. **Standing review committees.** (a) The commissioner of corrections must appoint a standing review committee to review and determine positions or employees of the Department of Corrections that should be covered by section 352.88. The commissioner of public safety must appoint a standing review committee to review and determine positions or employees of the Department of Public Safety that should be covered by section 352.88. The Metro Transit general manager must appoint a standing review committee to review and determine positions or employees of the Metropolitan Council that should be covered by section 352.88.

(b) The Department of Corrections, Department of Public Safety, and Metropolitan Council must each establish a procedure for the department's or agency's respective committee to evaluate coverage by section 352.88. Each committee must follow:

(1) subdivision 2 when evaluating a change in the title of an employment position listed in section 352.88, subdivision 2, paragraph (i), clause (1), or (j), clause (1); and

(2) subdivision 3 when evaluating requests for starting or ceasing coverage by section 352.88.

(c) If a committee has received one or more requests for changes to the title of an employment position or the commencement or cessation of coverage of an employee by section 352.88, the committee must convene at least as frequently as once every three months. If a committee has not received any requests during a three-month period, the review committee is not required to convene a meeting.

(d) Each committee must retain each request to the committee and the related documentation and final determination for an employee or employment position in the committee's respective department or agency.

(e) Meetings of a standing review committee are not subject to chapter 13D.

(f) A standing review committee is not an agency for the purposes of sections 15.0597 and 15.0599.

Subd. 2. **Procedures for changing employment titles.** (a) The applicable standing review committee must review a change in the title of an employment position listed in section 352.88, subdivision 2, paragraph (i), clause (1), or (j), clause (1), and determine whether the responsibilities

of the employment position satisfy the requirements under section 352.88, subdivision 2, paragraph (i) or (j).

(b) If the committee determines that the responsibilities of the employment position have not changed, or the responsibilities of the employment position have changed but the changes do not affect the eligibility of the employment position for coverage by section 352.88, the department or agency affected by the determination must:

(1) submit the title change to the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to replace the title in section 352.88, subdivision 2, paragraph (i) or (j), as applicable, with the new title; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that the title change will not affect the continued coverage of the employee by section 352.88 and that the department or agency, as applicable, has submitted a request to the legislature to change the title in section 352.88, subdivision 2, paragraph (i) or (j), as applicable.

(c) If the committee determines that the responsibilities of the employment position have changed and the changes result in the employment position no longer being qualified for coverage by section 352.88, the department or agency affected by the determination must communicate the committee's determination to all affected employees no later than 10 days after the date of the meeting at which the determination was made and inform the employees of the right to appeal the determination under subdivision 4.

(d) The department or agency affected by the determination to remove a title must contact the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to remove the title in section 352.88, subdivision 2, paragraph (i) or (j), as applicable, if:

(1) an employee appeals the determination and the determination is upheld; or

(2) an employee does not appeal the determination.

(e) The committee must include an effective date in any determination to change or remove an employment position from the lists in section 352.88, subdivision 2, paragraph (i) or (j). The effective date may be retroactive for a determination to change an employment position.

Subd. 3. **Procedures for starting or ceasing coverage.** (a) The applicable standing review committee must consider requests to provide coverage by section 352.88 to an employee who satisfies the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2), or to cease coverage of an employee who does not satisfy the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

(b) An employee, an employee's employee organization, or an employee's manager may submit a request to the committee to provide coverage to an employee who satisfies the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2). The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee that describes the extent to which the employee's job duties meet the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

(c) An employer may submit a request to the committee to cease coverage of an employee who no longer satisfies the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2). The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee's employer describing how the employee no longer meets the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

(d) After making a determination of coverage or no coverage for an employee, the department or agency affected by the determination must communicate the committee's determination to the affected employee no later than ten days after the date of the meeting at which the determination was made and inform the employee of the right to appeal the determination under subdivision 4.

(e) If after making a determination of coverage, the committee determines that an employment position should be added to the list of employment positions in section 352.88, subdivision 2, paragraph (i) or (j), as applicable, the department or agency affected by the determination must submit the employment position addition to the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to make the change.

(f) The committee must include an effective date in any determination that an employee must begin to receive coverage under section 352.88 or that coverage must cease. The effective date may be retroactive to the date on which the coverage requirements were first satisfied or were no longer met.

Subd. 4. **Right to appeal.** (a) No later than 30 days after receiving a determination under subdivision 2 or 3, the affected employee may appeal the determination from a standing review committee by filing an appeal with the human resources director or the chief human resources director of the department or agency, as applicable, in which the employee is employed. The appeal must include:

(1) the reasons for the appeal, including the reasons the determination should be reversed; and

(2) new or additional information, if any, not previously submitted or considered by the committee, including a new or revised position description.

(b) The appeal must be decided by the commissioner of corrections if the employee is an employee of the Department of Corrections, by the commissioner of public safety if the employee is an employee of the Department of Public Safety, or by the Metro Transit general manager if the employee is an employee of the Metropolitan Council. The decision of the commissioners or general manager, as applicable, is final.

(c) A determination not timely appealed under paragraph (a) is not entitled to further administrative or judicial review. A determination under subdivision 2 or 3 or an appeal decided under paragraph (b) may not be appealed under section 356.96.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 4. Minnesota Statutes 2024, section 352.951, is amended to read:

**352.951 APPLICABILITY OF GENERAL LAW.**

Except as otherwise provided, this chapter applies to covered correctional employees, military affairs personnel covered under section 352.85, Transportation Department pilots covered under section 352.86, ~~and~~ state fire marshal employees covered under section 352.87, and probation officers and public safety telecommunicators covered under section 352.88.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 5. Minnesota Statutes 2024, section 356.315, subdivision 9, is amended to read:

Subd. 9. **Future benefit accrual rate increases.** After January 2, 1998, benefit accrual rate increases under section 352.115, subdivision 3; 352.87, subdivision 3; 352.88, subdivision 4; 352.93, subdivision 3; 352.95, subdivision 1; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1, 1a, or 3a; 353E.04, subdivision 3; 353E.06, subdivision 1; 354.44, subdivision 6; 354A.31, subdivision 4 or 4a; 356.30, subdivision 1; 490.121, subdivision 22; or 490.124, subdivision 1, must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 6. **APPROPRIATIONS.**

(a) $272,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of corrections for the purposes of this act. The base for this appropriation is $545,000 in fiscal year 2028 and $545,000 in fiscal year 2029.

(b) $14,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of public safety for the purposes of this act. The base for this appropriation is $29,000 in fiscal year 2028 and $29,000 in fiscal year 2029.

(c) $40,000 in fiscal year 2027 is appropriated from the general fund to the Metropolitan Council for the purposes of this act. The base for this appropriation is $80,000 in fiscal year 2028 and $80,000 in fiscal year 2029.

(d) $7,000 in fiscal year 2027 is appropriated from the trunk highway fund to the commissioner of public safety for the purposes of this act. The base for this appropriation is $14,000 in fiscal year 2028 and $14,000 in fiscal year 2029.

## ARTICLE 5

## LOCAL GOVERNMENTAL PROBATION AND TELECOMMUNICATOR RETIREMENT PLAN

Section 1. Minnesota Statutes 2025 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Any public employee whose salary from one governmental subdivision is expected to exceed $425 in any month and who is not specifically excluded under subdivision 2b or has not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate beginning on the employee's first day of employment as a member of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire plan under this chapter, ~~or~~ the local government correctional employees retirement plan under chapter 353E, or the local government probation and telecommunicator retirement plan under chapter 353H, whichever applies. For any employee whose salary is not expected to exceed $425 in any month, membership commences on the first day that the employee's salary exceeds $425 and the other eligibility criteria are met. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b;

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b;

(9) employees of the Minnesota River Area Agency on Aging who were first employed by a Regional Development Commission before January 1, 2016, and who are not excluded employees under subdivision 2b; and

(10) employees of the Public Employees Retirement Association.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If the salary of an included public employee is less than $425 in any subsequent month, the member retains membership eligibility.

(d) For the purpose of participation in the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010.

Sec. 2. Minnesota Statutes 2025 Supplement, section 353.01, subdivision 2b, is amended to read:

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

(1) persons whose salary from one governmental subdivision never exceeds or is never expected to exceed $425 in a month;

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

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

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

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary

position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

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

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

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

(9) persons who are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) plumbers employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who were either first

employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the electrical workers local 292 pension plan or the pipefitters local 539 pension plan, who were first employed before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11, section 5;

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

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

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

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

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

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

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

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

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

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

Sec. 3. Minnesota Statutes 2024, section 353.01, subdivision 16, is amended to read:

Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, ~~or~~ 353E.03, or 353H.04;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivisions 12 and 12a, and 353.35;

(3) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(4) a period of authorized leave of absence during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section 353.0162, to the fund made in place of salary deductions;

(6) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(7) a period of uniformed services leave purchased under section 353.014;

(8) a period of military service purchased under section 353.0141; or

(9) a period of reduced salary purchased under section 353.0162.

(b) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(c) For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former

Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

Sec. 4. Minnesota Statutes 2024, section 353.01, subdivision 37, is amended to read:

Subd. 37. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, clause (6), before July 1, 1989. For a person who first becomes a public employee after June 30, 1989, "normal retirement age" means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.

(b) "Normal retirement age" means age 55 for a person who is a member of a pension fund listed in section 356.30, subdivision 3, clauses (7) and (8).

(c) "Normal retirement age" means the age stated in section 353H.01, subdivision 6, for a member of the local government probation and telecommunicator retirement plan.

Sec. 5. Minnesota Statutes 2024, section 353.0141, subdivision 1, is amended to read:

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

(1) the member has at least three years of allowable service credit with the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, ~~or~~ the public employees police and fire retirement plan, or the local government probation and telecommunicator retirement plan under chapter 353H;

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

(3) one of the following applies:

(i) the member's service in the uniformed services occurred before becoming a public employee as defined in section 353.01, subdivision 2; or

(ii) the member failed to obtain service credit for a uniformed services leave of absence under section 353.01, subdivision 16, paragraph (a), clause (8).

(b) A service credit purchase is prohibited if:

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

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

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

(1) not be less than one year; and

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

Sec. 6. Minnesota Statutes 2024, section 353.031, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) This section applies to all disability determinations for the public employees general fund, the public employees police and fire fund, ~~and~~ the local government correctional service retirement plan, and the local government probation and telecommunicator retirement plan, and any other disability determination subject to approval by the board, except as otherwise specified in section 353.032, 353.33, 353.656, or 353E.05. These requirements and the requirements of section 353.03, subdivision 3, are in addition to the specific requirements of each plan and govern in the event there is any conflict between these sections and the procedures specific to any of those plans under section 353.33, 353.656, ~~or~~ 353E.06, or 353H.06.

(b) Notwithstanding any law to the contrary, an employee, as defined in section 353.032, subdivision 1, clause (2), who applies for a duty disability benefit based on a psychological condition, as defined in section 353.032, subdivision 1, clause (7), is not eligible for duty disability benefits under this chapter until the employee has satisfied the additional procedure, including all completion of treatment requirements under section 353.032.

Sec. 7. Minnesota Statutes 2024, section 353.031, subdivision 2, is amended to read:

Subd. 2. **Plan document policy statement.** Disability determinations for the public employees general fund and the local government probation and telecommunicator retirement plan must be made subject to section 353.01, subdivision 19; and for the police and fire plan and the local government correctional service retirement plan must be made consistent with the legislative policy and intent set forth in section 353.63.

Sec. 8. Minnesota Statutes 2024, section 353.031, subdivision 3, is amended to read:

Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a disability benefit must be initiated in writing on an application form and in the manner prescribed by the executive director and filed with the executive director. To be valid, an application for disability benefits must be made within 18 months following termination of public service as defined under section 353.01, subdivision 11a, and include the required application form and the medical reports required by paragraph (c).

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

(c) An applicant for disability shall provide a detailed report signed by a licensed medical doctor and at least one additional report signed by a medical doctor, psychiatrist, psychologist, APRN, or chiropractor. The applicant must authorize the release of all medical and health care evidence, including all medical records and relevant information from any source, to support the application for initial, or the continuing payment of, disability benefits.

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

(e) Where the medical evidence supports the expectation that at some point in time the applicant will no longer be disabled, any decision granting disability may provide for a termination date upon which disability can be expected to no longer exist. In the event a termination date is made part of the decision granting benefits, prior to the actual termination of benefits, the applicant shall have the opportunity to show that the disabling condition for which benefits were initially granted continues. In the event the benefits terminate in accordance with the original decision, the applicant may petition for review under section 356.96 or may reapply for disability in accordance with these procedures and section 353.33, 353.656, or 353E.06, as applicable.

(f) Upon receipt of a valid application, the executive director must notify the employer. No later than 30 days after receiving the notification, the employer must provide a report to the executive director indicating that there is no available work that the applicant can perform in the applicant's disabled condition and that all reasonable accommodations have been considered. Upon request of the executive director, an employer shall provide evidence of the steps the employer has taken to attempt to provide reasonable accommodations and continued employment to the applicant. The employer shall also provide a certification of the applicant's past public service; the dates of any paid sick leave, vacation, or any other employer-paid salary continuation plan beyond the last working day; and whether or not any sick or annual leave has been allowed.

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

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

Sec. 9. Minnesota Statutes 2024, section 353.15, subdivision 1, is amended to read:

Subdivision 1. **Exemption.** The provisions of section 356.401 apply to the general employees retirement plan, ~~to~~ the public employees police and fire retirement plan, ~~and to~~ the local government correctional service retirement plan, and the local government probation and telecommunicator retirement plan.

Sec. 10. Minnesota Statutes 2024, section 353.27, subdivision 4, is amended to read:

Subd. 4. **Employer reporting requirements; contributions; member status.** (a) A representative authorized by the head of each department must deduct employee contributions from the salary of each public employee who qualifies for membership in the general employees retirement plan or the public employees police and fire retirement plan under this chapter, the public employees defined contribution plan under chapter 353D, ~~or~~ the local government correctional service retirement plan under chapter 353E, or the local government probation and telecommunicator retirement plan under chapter 353H at the rate under section 353.27, 353.65, 353D.03, ~~or~~ 353E.03, or 353H.04, whichever is applicable, that is in effect on the date the salary is paid. The employer representative must also remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions and the required employer contributions to be received by the association within 14 calendar days after each pay date. If the payment is less than the amount required, the employer must pay the shortage amount to the association and collect reimbursement of any employee contribution shortage paid on behalf of a member through subsequent payroll withholdings from the wages of the employee. Payment of shortages in employee contributions and associated employer contributions, if applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days following the date the amount was initially due under this section.

(b) The head of each department or the person's designee shall submit for each pay period to the association a salary deduction report in the format prescribed by the executive director. The report must be received by the association within 14 calendar days after each pay date or the employer may be assessed a fine of $5 per calendar day until the association receives the required data. Data required as part of salary deduction reporting must include, but are not limited to:

(1) the legal names and Social Security numbers of employees who are members;

(2) the amount of each employee's salary deduction;

(3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay period from which each deduction was made, including a breakdown of the portion of the salary that represents overtime pay that the employee was paid for additional hours worked beyond the regularly scheduled hours, pay for unused compensatory time, and the salary amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

(5) adjustments or corrections covering past pay periods as authorized by the executive director.

(c) Employers must furnish the data required for enrollment for each new or reinstated employee who qualifies for membership in the general employees retirement plan, the public employees police and fire retirement plan, the public employees defined contribution plan, ~~or~~ the local government correctional service retirement plan, or the local government probation and telecommunicator retirement plan in the format prescribed by the executive director. The required enrollment data on new members must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. Also, the employer shall report to the association all member

employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails to comply with the reporting requirements under this paragraph, the executive director may assess a fine of $25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

(d) The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(e) Notwithstanding paragraph (a), the executive director may provide for less frequent reporting and payments for small employers.

(f) The executive director may establish reporting procedures and methods as required to review compliance by employers with the salary and contribution reporting requirements in this chapter. A review of the payroll records of a participating employer may be conducted by the association on a periodic basis or as a result of concerns known to exist within a governmental subdivision. An employer under review must extract requested data and provide records to the association after receiving reasonable advanced notice. Failure to provide requested information or materials will result in the employer being liable to the association for any expenses associated with a field audit, which may include staff salaries, administrative expenses, and travel expenses.

Sec. 11. Minnesota Statutes 2024, section 353.27, subdivision 7b, is amended to read:

Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director determines that an overpaid annuity or benefit from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the association must determine the amount of the employee deductions taken in error on the invalid salary, with interest determined in the manner provided for a former member under subdivision 7, paragraph (e), clause (2), item (i), and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

(b) If the invalid employee deductions plus interest exceed the amount of the overpaid benefits, the balance must be refunded to the person to whom the benefit or annuity is being paid.

(c) Any invalid employer contributions reported on the invalid salary must be credited to the employer as provided in subdivision 7, paragraph (e).

(d) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and a joint and survivor optional annuity is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary.

(e) If the association finds that a refund has been overpaid to a former member, beneficiary or other person, the amount of the overpayment must be recovered for the benefit of the respective retirement fund or account.

(f) The board of trustees shall adopt policies directing the period of time and manner for the collection of any overpaid retirement or optional annuity, and survivor or disability benefit, or a refund that the executive director determines must be recovered as provided under this section.

Sec. 12. Minnesota Statutes 2024, section 353.27, subdivision 11, is amended to read:

Subd. 11. **Employers; required to furnish requested information.** (a) All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including, but not limited to, payroll abstracts pertaining to all past and present employees, as may be requested by the executive director, including schedules of salaries applicable to various categories of employment.

(b) In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the executive director. If the association is provided a schedule of estimated earnings, the executive director is authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the general employees retirement plan, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan. If estimates are not furnished by the employer at the request of the executive director, the executive director may estimate the obligations of the employee and employer to the general employees retirement fund, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan based upon those records that are in its possession.

Sec. 13. Minnesota Statutes 2024, section 353.27, subdivision 12, is amended to read:

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions

must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date the contributions were first payable.

(e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

Sec. 14. Minnesota Statutes 2024, section 353.27, subdivision 12a, is amended to read:

Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who was a member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan and who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee deductions could be withheld from salary, may pay the omitted employee deductions for the period on which omitted employer contributions were previously paid plus interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated employee may pay the omitted employee deductions plus interest within six months of an initial notification from the association of eligibility to pay those omitted deductions. If a terminated employee is reemployed in a position covered under a public pension fund under section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment must be made no later than six months after a subsequent termination of public service.

Sec. 15. Minnesota Statutes 2024, section 353.27, subdivision 12b, is amended to read:

Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted from salary adjustments or final salary of a terminated employee who was a member of the general employees retirement plan, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan and who is immediately eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer additional contributions plus interest on both the employer and employee amounts due at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. The employee shall pay the employee deductions within six months of an initial notification from the association of eligibility to pay omitted deductions or the employee forfeits the right to make the payment.

Sec. 16. Minnesota Statutes 2024, section 353.27, subdivision 13, is amended to read:

Subd. 13. **Certain warrants canceled.** A warrant payable from the general employees retirement fund, the public employees police and fire retirement fund, ~~or~~ the local government correctional retirement fund, or the local government probation and telecommunicator retirement fund remaining unpaid for a period of six months must be canceled into the applicable retirement fund and not canceled into the state's general fund.

Sec. 17. Minnesota Statutes 2024, section 353.27, subdivision 14, is amended to read:

Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association with respect to the general employees retirement plan, the public employees police and fire retirement plan, ~~or~~ the local government correctional retirement plan, or the local government probation and telecommunicator retirement plan, that employer and its employees are subject to the requirements of subdivision 12, effective retroactively to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

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

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

Sec. 18. Minnesota Statutes 2024, section 353.30, subdivision 3, is amended to read:

Subd. 3. **Optional retirement annuity forms.** (a) The board of trustees shall establish optional annuities which shall take the form of a joint and survivor annuity. Except as provided in subdivision 3a, the optional annuity forms shall be actuarially equivalent to the forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5 or section 353H.05, subdivisions 1 and 3. In establishing those

optional forms, the board shall obtain the written recommendation of the actuary retained under section 356.214. The recommendations shall be a part of the permanent records of the board. A member or former member may select an optional form of annuity, subject to the provisions of section 356.46, in lieu of accepting any other form of annuity which might otherwise be available.

(b) For purposes of computing a joint and survivor annuity, the investment return assumption specified in section 356.461 must be used rather than the investment return specified in section 356.215, subdivision 8.

Sec. 19. Minnesota Statutes 2024, section 353.33, subdivision 3, is amended to read:

Subd. 3. **Computation of benefits.** (a) This disability benefit is an amount equal to the normal annuity payable to a member who has reached normal retirement age with the same number of years of allowable service and the same average salary, as provided in ~~section~~ sections 353.01, subdivision 17a, and ~~section~~ 353.29, subdivision 3, or 353H.05, subdivision 1, for members of the local government probation and telecommunicator retirement plan.

(b) A basic member shall receive a supplementary monthly benefit of $25 to age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later.

(c) If the disability benefits under this subdivision exceed the average salary as defined in section 353.01, subdivision 17a, the disability benefits must be reduced to an amount equal to the average salary.

Sec. 20. Minnesota Statutes 2024, section 353.33, subdivision 7a, is amended to read:

Subd. 7a. **Trial work period.** (a) This subdivision applies only to the Public Employees Retirement Association general employees retirement plan and local government probation and telecommunicator retirement plan.

(b) If, following a work or non-work-related injury or illness, a member receiving disability benefits attempts to return to work for the member's previous public employer or attempts to return to a similar position with another public employer, on a full-time or less than full-time basis, the association must continue paying the disability benefit for a period not to exceed six months. The disability benefit must continue in an amount that, when added to the subsequent employment earnings, does not exceed the base monthly salary the member had been receiving at the date of disability or the base monthly salary rate currently paid for similar positions, whichever is higher.

(c) No deductions for the general employees retirement plan may be taken from the salary of a disabled person who is attempting to return to work under this provision unless the member waives further disability benefits.

(d) A member only may return to employment and continue disability benefit payments once while receiving disability benefits from the general employees retirement plan.

Sec. 21. Minnesota Statutes 2024, section 353.33, subdivision 11, is amended to read:

Subd. 11. **Coordinated member disabilitant transfer to retirement status.** The disability benefits paid to a coordinated member must terminate when the person reaches normal retirement

age. If the coordinated member is still totally and permanently disabled upon attaining normal retirement age, the coordinated member is deemed to be on retirement status. If an optional annuity is elected under subdivision 3a, the coordinated member shall receive an annuity under the terms of the optional annuity previously elected, or, if an optional annuity is not elected under subdivision 3a, the coordinated member may elect to receive a normal retirement annuity under section 353.29 or 353H.05 or an annuity equal to the disability benefit paid before the coordinated member reaches normal retirement age, whichever amount is greater, or elect to receive an optional annuity under section 353.30, subdivision 3. The annuity of a disabled coordinated member who attains normal retirement age must be computed under the law in effect upon attainment of normal retirement age. Election of an optional annuity must be made before the coordinated member attains normal retirement age. If an optional annuity is elected, the election is effective on the date on which the person attains normal retirement age and the optional annuity begins to accrue on the first day of the month next following the month in which the person attains that age.

Sec. 22. Minnesota Statutes 2024, section 353.34, subdivision 1, is amended to read:

Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. Application for a refund may not be made before the date of termination of public service. A refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

(c) An individual who terminates public service covered by the Public Employees Retirement Association general employees retirement plan, except members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2b, paragraph (d), the Public Employees Retirement Association police and fire retirement plan, ~~or~~ the public employees local government correctional service retirement plan, or the local government probation and telecommunicator retirement plan, and who is employed by a different employer and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus annual compound interest from the plan from which the member terminated service at the applicable rate specified in subdivision 2.

(d) Refunds payable to members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2a, paragraph (d), are governed by Minnesota Statutes 2008, chapter 422A.

Sec. 23. Minnesota Statutes 2024, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is partially or 100 percent vested under section 353.01, subdivision 47, or 353H.01, subdivision 12,when termination of public service or termination of membership occurs has the option of leaving the member's accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5, or 353H.05, subdivision 3.

(b) The deferred annuity must be computed under section 353.29, subdivision 3, or 353H.05, subdivision 1, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is later, and, if the later of termination of public service or termination of membership is on or before December 31, 2011, the deferred annuity must be augmented as provided in paragraphs (c) to (e).

(c) The deferred annuity of any former member must be augmented from the first day of the month following the termination of active service, or July 1, 1971, whichever is later, to the effective date of retirement or, if earlier, December 31, 2018.

(d) For a person who became a public employee before July 1, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until January 1 of the year following the year in which the former member attains age 55 or December 31, 2011, whichever is earlier;

(3) five percent from January 1 of the year following the year in which the former member attains age 55, or December 31, 2011, whichever is earlier;

(4) one percent from January 1, 2012, until December 31, 2018; and

(5) after December 31, 2018, the deferred annuity must not be augmented.

(e) For a person who became a public employee after June 30, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

(2) one percent from January 1, 2012, until December 31, 2018; and

(3) after December 31, 2018, the deferred annuity must not be augmented.

(f) For a person who has a termination of public service after December 31, 2011, the deferred annuity must not be augmented.

(g) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the investment return actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

(h) A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a

refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

Sec. 24. Minnesota Statutes 2024, section 353.37, subdivision 5, is amended to read:

Subd. 5. **Effect on annuity.** Except as provided under this section, public service performed by an annuitant described in subdivision 1, paragraph (a), subsequent to retirement from the general employees retirement plan, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan does not increase or decrease the amount of an annuity. The annuitant shall not make any further contributions to a defined benefit plan administered by the association by reason of this subsequent public service.

Sec. 25. Minnesota Statutes 2024, section 353.46, subdivision 2, is amended to read:

Subd. 2. **Rights of deferred annuitant.** (a) The entitlement of a deferred annuitant or other former member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, ~~or~~ the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan to receive an annuity under the law in effect at the time the person terminated public service is preserved.

(b) The entitlement of a deferred annuitant or former member of the Minneapolis Employees Retirement Fund, upon merger with the general employees retirement plan of the Public Employees Retirement Association, continues under the provisions of Minnesota Statutes 2008, section 422A.16.

Sec. 26. **[353H.001] APPLICATION OF CHAPTER 353.**

The general provisions of chapter 353 apply to the local government probation and telecommunicator retirement plan, except where otherwise specifically provided in this chapter.

Sec. 27. **[353H.002] POLICY.**

It is the policy of the legislature that special consideration should be given to the pension benefits for employees of governmental subdivisions who devote their time and skills to assisting the community and the courts as probation officers or serving the public and public safety partners as telecommunicators. Because this work can be hazardous or high stress, special provisions are made by this chapter for earlier retirement and larger retirement annuities than are provided to members of the general employees retirement plan under chapter 353. The additional costs of these benefits are borne initially by the employees.

Sec. 28. **[353H.01] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of this chapter, unless the language or context indicates that a different meaning is intended, the following terms have the meanings given. The definitions in section 353.01 apply to this chapter unless the term is defined in this section.

Subd. 2. **Executive director.** "Executive director" means the executive director of the Public Employees Retirement Association appointed under section 353.03, subdivision 3a.

Subd. 3. **Fund.** "Fund" means the local government probation and telecommunicator retirement fund.

Subd. 4. **General plan.** "General plan" means the general employees retirement plan of the Public Employees Retirement Association.

Subd. 5. **Member.** "Member" means an individual identified as a member under section 353H.03 for whom retirement coverage is provided by the plan.

Subd. 6. **Normal retirement age.** "Normal retirement age" means age 60.

Subd. 7. **Offset amount.** "Offset amount" means an amount available to offset the cost to purchase credit for past service upon the election by a member under section 353H.08, if state funding becomes available.

Subd. 8. **Past service.** "Past service" means allowable service credited to a member before January 1, 2027, and covered by the general plan that would have been service covered by the local government probation and telecommunicator retirement plan had that plan been in effect before January 1, 2027.

Subd. 9. **Plan.** "Plan" means the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association.

Subd. 10. **Probation officer.** "Probation officer" means an individual who the employer certifies, in the form prescribed by the executive director, is a public employee as defined in section 353.01 and:

(1) is employed as a probation officer by a county, community corrections agency, or state probation agency and provides community supervision services with direct offender contact; or

(2) directly supervises one or more individuals described in clause (1).

Subd. 11. **Public safety telecommunicator.** "Public safety telecommunicator" means an individual who the employer certifies, in the form prescribed by the executive director, is a public employee as defined in section 353.01, employed by a primary or secondary public safety answering point and:

(1) serves as a first responder by receiving, assessing, or processing requests for assistance from the public and other public safety partners and coordinates the appropriate public safety response;

(2) as part of the individual's employment position, is assigned less than 50 percent of the time to perform employment duties other than the duties described in clause (1); or

(3) directly supervises one or more individuals described in clause (1) or (2).

Subd. 12. **Vesting or vested.** "Vesting" or "vested" means obtaining or having obtained a nonforfeitable entitlement to an annuity or benefit under the plan by having earned credit for no less than three years of allowable service covered by the plan or the general plan.

Sec. 29. **[353H.02] ADMINISTRATION AND FUND DISBURSEMENT.**

Subdivision 1. **Plan administration; fund.** (a) The plan is established as a separate plan to be administered by the board of trustees of the association and the executive director.

(b) The board of trustees and the executive director must undertake activities in a manner consistent with chapter 356A.

(c) The association must maintain a special fund to be known as the local government probation and telecommunicator retirement fund.

Subd. 2. **Investment.** Assets of the fund must be deposited in the Minnesota combined investment fund as provided under section 11A.14, if applicable, or otherwise invested under section 11A.23.

Subd. 3. **Fund disbursement restricted.** (a) The fund may be disbursed only for the purposes provided for under this chapter.

(b) The proportional share of the necessary and reasonable administrative expenses of the association and any benefits provided under this chapter must be paid from the fund. Retirement annuities, disability benefits, survivor benefits, and any refunds of accumulated deductions may only be paid from the fund after those needs have been certified by the executive director.

(c) The amounts necessary to make the payments from the fund are annually appropriated from the fund for those purposes.

Sec. 30. **[353H.03] MEMBERSHIP.**

(a) The members of the plan are probation officers and public safety telecommunicators.

(b) A probation officer or public safety telecommunicator who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, is not eligible to participate as a member of the plan.

Sec. 31. **[353H.04] CONTRIBUTIONS.**

Subdivision 1. **Member contributions.** (a) A member must make employee contributions equal to 8.82 percent of the member's salary.

(b) Employee contributions must be made by deduction from the member's salary, as defined in section 353.01, subdivision 10, in the manner provided in section 353.27, subdivision 4. If any portion of a member's salary is paid from a source other than public funds, the member's employee contribution must be based on the total salary received by the member from all sources.

Subd. 2. **Employer contributions.** (a) The employer of a member must make employer contributions equal to 7.5 percent of the member's salary.

(b) Employer contributions must be made from money available to the employing subdivision by the means and in the manner provided under section 353.28.

Subd. 3. **Deposit of contributions.** Employee contributions under subdivision 1, employer contributions under subdivision 2, and other amounts authorized by law, including investment return on invested fund assets, must be deposited in the fund.

Subd. 4. **Collection, correction, and reporting of contributions.** The requirements and procedures under sections 353.27 and 353.28 apply to employee and employer contributions under this section.

Sec. 32. **[353H.05] RETIREMENT ANNUITY.**

Subdivision 1. **Normal retirement annuity.** After termination of public service, a member who has attained at least normal retirement age and is vested is entitled, upon application, to a normal retirement annuity. The normal retirement annuity is equal to the member's average salary multiplied by 1.9 percent for each year of allowable service.

Subd. 2. **Optional annuity; bounce-back annuity.** (a) Instead of a normal retirement annuity under subdivision 1, a member may elect to receive an optional annuity under section 353.30, subdivision 3.

(b) A bounce-back annuity under section 353.30, subdivisions 3a and 3c, applies to an annuity under this section or a disability benefit under section 353H.06.

Subd. 3. **Early retirement annuity.** After termination of public service, a member who is vested and at least 55 years of age, but not yet normal retirement age, is entitled, upon application, to an early retirement annuity that is actuarially equivalent to the normal retirement annuity.

Subd. 4. **Allowable service in other retirement plans.** If a member has earned allowable service in the general plan, the public employees police and fire retirement plan, or the public employees local government correctional service retirement plan before or after participation under this chapter, the retirement annuity under the plan or plans must be computed in accordance with the formula specified in sections 353.29 and 353.30, 353.651, or 353E.04, whichever applies.

Subd. 5. **Application; annuity starting date; annuity duration.** Upon application under section 353.29, subdivision 4, the retirement annuity under this section begins as provided in section 353.29, subdivision 7. The retirement annuity is payable for the life of the recipient or in accordance with the terms of any optional annuity form selected by the member.

Subd. 6. **Payment of annuities and benefits earned under the general plan.** The executive director must pay a retirement annuity or benefit as provided under chapter 353 to a member of the plan from the assets of the fund if the member was transferred from the general plan to the plan on January 1, 2027, and had allowable service under the general plan.

Subd. 7. **Postretirement adjustment eligibility.** An annuity under this section is eligible for postretirement adjustments under section 356.415.

Sec. 33. **[353H.06] DISABILITY BENEFITS.**

A vested member who becomes totally and permanently disabled as defined in section 353.01, subdivision 19, before normal retirement age is entitled to a disability benefit on the same basis as a member of the general plan under sections 353.031, 353.33, and 353.335.

Sec. 34. **[353H.07] SURVIVOR BENEFITS.**

Upon the death of a member, survivor benefits are payable as provided under section 353.32 on the same basis as a member of the general plan.

Sec. 35. **[353H.08] PURCHASE OF CREDIT FOR PAST SERVICE.**

Subdivision 1. **Purchase of credit for past service.** (a) A member is entitled to elect a onetime purchase of credit for periods of past service to be added to the member's allowable service covered by this section and used in calculating the member's retirement annuity. The member must repay any refunds of employee contributions previously received from the general plan before making a purchase of past service credit under this section.

(b) A member may request an estimate of the cost of a service credit purchase under this paragraph.

(1) A member may file a request with the executive director for an estimate of the purchase price for up to three different periods of past service by filing an application on a form approved by the executive director.

(2) The member must file the request for an estimate prior to filing an election to purchase past service under paragraph (c).

(3) The member must submit, with the estimate request, payment of the administrative fee in the amount of $250 to cover the cost of preparing the estimates. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(4) The executive director must estimate the purchase price using the assumptions and applying any offset amount as directed under subdivision 2 for the periods of past service requested by the member and provide the estimates to the member.

(c) To purchase credit for past service, a member must file an application with the executive director on a form approved by the executive director before the annuity starting date of the member's retirement annuity or benefit. The application must:

(1) include documentation of the member's eligibility to make the purchase, signed written permission to allow the executive director to request and receive verification of applicable facts and eligibility requirements from the member's employer, and any other relevant information the executive director may require;

(2) state the amount of credit for past service the member plans to purchase and be accompanied by a certification from one or more employers that the past service fulfills the requirements under section 353H.01, subdivision 8; and

(3) if the member did not previously pay the administrative fee under paragraph (b), include payment of the administrative fee of $250. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(d) The executive director must apply the assumptions and any offset amount under subdivision 2 to calculate the purchase price and notify the member. If the member elects to make the purchase of credit for past service, the member must arrange for the transfer of pretax money from another

retirement plan. Payment must be made in one lump sum before the annuity starting date of the member's retirement annuity or benefit.

(e) Upon receipt of payment, the executive director must grant the member service credit for the period of past service for which credit was purchased.

Subd. 2. **Determination of past service purchase price.** (a) The executive director must calculate the purchase price for the period of past service elected by the member. The purchase price is an amount equal to the actuarial present value, on the date of payment, of the amount of the additional retirement annuity obtained by the additional service credit being purchased minus any offset amount.

(b) The executive director must calculate the purchase price by:

(1) using the investment return assumption specified in section 356.215, subdivision 8, and the mortality table in effect for the general plan;

(2) assuming continuous future service in the plan until the plan's minimum requirements for normal retirement, or retirement with an annuity unreduced for retirement at an early age, are met with the additional service credit purchased;

(3) assuming a full-time equivalent salary or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan; and

(4) reducing the amount determined under clauses (1) to (3) by any offset amount.

Sec. 36. Minnesota Statutes 2024, section 356.20, subdivision 2, is amended to read:

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

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

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

(3) the Teachers Retirement Association;

(4) the State Patrol retirement plan;

(5) the St. Paul Teachers Retirement Fund Association;

(6) the University of Minnesota faculty retirement plan;

(7) the University of Minnesota faculty supplemental retirement plan;

(8) the judges retirement fund;

(9) the Bloomington Fire Department Relief Association;

(10) a firefighters relief association governed by section 424A.091;

(11) the public employees police and fire plan of the Public Employees Retirement Association;

(12) the correctional state employees retirement plan of the Minnesota State Retirement System;

(13) the local government correctional service retirement plan of the Public Employees Retirement Association; ~~and~~

(14) the statewide volunteer firefighter plan~~.~~; and

(15) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association.

Sec. 37. Minnesota Statutes 2024, section 356.214, subdivision 1, is amended to read:

Subdivision 1. **Actuary retention.** (a) The governing board or managing or administrative official of each public pension plan and retirement fund or plan enumerated in paragraph (b) shall contract with an established actuarial consulting firm to conduct annual actuarial valuations and related services. The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c).

(b) Actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

(1) the teachers retirement plan, Teachers Retirement Association;

(2) the general state employees retirement plan, Minnesota State Retirement System;

(3) the correctional employees retirement plan, Minnesota State Retirement System;

(4) the State Patrol retirement plan, Minnesota State Retirement System;

(5) the judges retirement plan, Minnesota State Retirement System;

(6) the general employees retirement plan, Public Employees Retirement Association;

(7) the public employees police and fire plan, Public Employees Retirement Association;

(8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;

(9) the legislators retirement plan, Minnesota State Retirement System; ~~and~~

(10) the local government correctional service retirement plan, Public Employees Retirement Association~~.~~; and

(11) the local government probation and telecommunicator retirement plan, Public Employees Retirement Association.

(c) The actuarial valuation for the legislators retirement plan must include a separate calculation of total plan actuarial accrued liabilities due to constitutional officer coverage under section 3A.17.

(d) The contracts must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contracts must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

(1) individual salary progression;

(2) the rate of return on investments based on the current asset value;

(3) payroll growth;

(4) mortality;

(5) retirement age;

(6) withdrawal; and

(7) disablement.

(e) The actuary shall annually prepare a report to the governing or managing board or administrative official and the legislature, summarizing the results of the actuarial valuation calculations. The actuary shall include with the report any recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the required funding dates. The actuary shall, as part of the quadrennial experience study, include recommendations on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.

(f) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, the governing or managing board or administrative official shall direct the actuary to prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), in the manner provided for in the standards for actuarial work adopted by the commission.

Sec. 38. Minnesota Statutes 2025 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following investment return assumption:

| plan | investment return assumption |
|---|---|
| general state employees retirement plan | 7% |
| correctional state employees retirement plan | 7 |
| State Patrol retirement plan | 7 |

| | |
|---|---|
| legislators retirement plan, and for the constitutional officers calculation of total plan liabilities | 0 |
| judges retirement plan | 7 |
| general public employees retirement plan | 7 |
| public employees police and fire retirement plan | 7 |
| local government correctional service retirement plan | 7 |
| local government probation and telecommunicator retirement plan | 7 |
| teachers retirement plan | 7 |
| St. Paul teachers retirement plan | 7 |
| Bloomington Fire Department Relief Association | 6 |
| local monthly benefit volunteer firefighter relief associations | 5 |
| monthly benefit retirement plans in the statewide volunteer firefighter retirement plan | 6 |

(b) The actuarial valuation for each of the covered retirement plans listed in section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take into account the postretirement adjustment rate or rates applicable to the plan as specified in section 354A.29, subdivision 7, or 356.415, whichever applies.

(c) The actuarial valuation must use the applicable salary increase and payroll growth assumptions found in the appendix to the standards for actuarial work. The appendix must be updated whenever new assumptions have been approved or deemed approved under subdivision 18.

(d) The assumptions set forth in the appendix to the standards for actuarial work continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

Sec. 39. Minnesota Statutes 2024, section 356.302, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to ~~(6) and (11)~~ (5), (10), and (11).

(f) "Occupationally disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses ~~(7)~~ (6) to ~~(10)~~ (9).

(h) "Totally and permanently disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Sec. 40. Minnesota Statutes 2024, section 356.302, subdivision 7, is amended to read:

Subd. 7. **Covered retirement plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(2) the unclassified state employees retirement program of the Minnesota State Retirement System, established by chapter 352D;

(3) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(4) the Teachers Retirement Association, established by chapter 354;

(5) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(6) the state correctional employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(7) the State Patrol retirement plan, established by chapter 352B;

(8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E; ~~and~~

(10) the judges retirement plan, established by chapter 490~~.~~; and

(11) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established by chapter 353H.

Sec. 41. Minnesota Statutes 2024, section 356.303, subdivision 4, is amended to read:

Subd. 4. **Covered retirement plans.** This section applies to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the elective state officers retirement plan, established by chapter 352C;

(6) the unclassified state employees retirement program, established by chapter 352D;

(7) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the Teachers Retirement Association, established by chapter 354;

(11) the St. Paul Teachers Retirement Fund Association, established by chapter 354A; ~~and~~

(12) the judges retirement fund, established by chapter 490~~.~~; and

(13) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established by chapter 353H.

Sec. 42. Minnesota Statutes 2024, section 356.315, subdivision 9, is amended to read:

Subd. 9. **Future benefit accrual rate increases.** After January 2, 1998, benefit accrual rate increases under section 352.115, subdivision 3; 352.87, subdivision 3; 352.93, subdivision 3; 352.95, subdivision 1; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1, 1a, or 3a; 353E.04, subdivision 3; 353E.06, subdivision 1; 353H.05, subdivision 1; 354.44, subdivision 6; 354A.31, subdivision 4 or 4a; 356.30, subdivision 1; 490.121, subdivision 22; or 490.124, subdivision 1, must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 43. Minnesota Statutes 2024, section 356.32, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the State Patrol retirement plan, established under chapter 352B;

(4) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(5) the public employees police and fire plan of the Public Employees Retirement Association, established under chapter 353;

(6) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(7) the Teachers Retirement Association, established under chapter 354; ~~and~~

(8) the St. Paul Teachers Retirement Fund Association, established under chapter 354A~~.~~; and

(9) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established under chapter 353H.

Sec. 44. Minnesota Statutes 2024, section 356.401, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the unclassified state employees retirement program, established by chapter 352D;

(6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(7) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees defined contribution plan, established by chapter 353D;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the statewide lump-sum volunteer firefighter plan, established by chapter 353G;

(11) the Teachers Retirement Association, established by chapter 354;

(12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(13) the individual retirement account plan, established by chapter 354B;

(14) the higher education supplemental retirement plan, established by chapter 354C; ~~and~~

(15) the judges retirement fund, established by chapter 490~~.~~; and

(16) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established by chapter 353H.

Sec. 45. Minnesota Statutes 2024, section 356.415, is amended by adding a subdivision to read:

Subd. 1h. **Annual postretirement adjustments; Public Employees Retirement Association; local government probation and telecommunicator plan.** (a) Annuities, disability benefits, and survivor benefits paid from the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association must be increased, effective as of January 1, each year by the percentage of increase determined under this subdivision. The increase to the annuity or benefit must be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b) after taking into account any reduction to the percentage or increase required under paragraph (d).

(b) Effective January 1, 2027, and each January 1 thereafter, the percentage of increase is one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than one percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than one percent, the percentage of increase must be the same as the cost-of-living adjustment announced. The percentage of increase must not exceed the applicable maximum percentage under paragraph (c).

(c) On January 1 each year, the applicable maximum percentage is 1.75 percent. The applicable maximum percentage is 1.5 percent if:

(1) the market value of assets is equal to or less than 85 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial valuations; or

(2) the market value of assets is equal to or less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

(d)(1) If the recipient of an annuity, disability benefit, or survivor benefit has been receiving the annuity or benefit for at least 12 months as of June 30 of the calendar year immediately preceding the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor benefit has been receiving the annuity or benefit for at least one month, but less than 12 months, as of June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a ratio of the number of months the annuity or benefit was received as of June 30 of the preceding calendar year to 12.

(e) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

Sec. 46. Minnesota Statutes 2024, section 356.415, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(6) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(8) the teachers retirement plan, established under chapter 354; ~~and~~

(9) the judges retirement plan, established under chapter 490~~.~~; and

(10) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established under chapter 353H.

Sec. 47. Minnesota Statutes 2024, section 356.461, subdivision 2, is amended to read:

Subd. 2. **Covered plans.** This section applies to the following retirement plans:

(1) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the unclassified state employees retirement program of the Minnesota State Retirement System, established under chapter 352D;

(6) the judges retirement plan, established under chapter 490;

(7) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(8) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E; ~~and~~

(10) the Teachers Retirement Association, established under chapter 354~~.~~; and

(11) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established under chapter 353H.

Sec. 48. Minnesota Statutes 2024, section 356.465, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the State Patrol retirement plan, established under chapter 352B;

(4) the legislators retirement plan, established under chapter 3A;

(5) the judges retirement plan, established under chapter 490;

(6) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(7) the public employees police and fire plan of the Public Employees Retirement Association, established under chapter 353;

(8) the teachers retirement plan, established under chapter 354;

(9) the St. Paul Teachers Retirement Fund Association, established under chapter 354A; ~~and~~

(10) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E~~.~~; and

(11) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established under chapter 353H.

Sec. 49. Minnesota Statutes 2024, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period ends relating to the reemployment that gave rise to the limitation, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus annual compound interest. For the general state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, the local government probation and telecommunicator retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June 30, 2011.

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

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

(d) If the amount under subdivision 2 is an eligible rollover distribution as defined in section 356.633, subdivision 1, paragraph (d), the applicable retirement plan shall provide notice and an election:

(1) to the member regarding the member's right to elect a direct rollover under section 356.633, subdivisions 1 and 2, in lieu of a direct payment; or

(2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee as defined in section 356.633, subdivision 1, paragraph (b), to the distributee regarding the distributee's right to elect a direct rollover under section 356.633, subdivisions 1 and 2, in lieu of a direct payment.

Sec. 50. Minnesota Statutes 2024, section 356.48, subdivision 1, is amended to read:

Subdivision 1. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the State Patrol retirement plan, established under chapter 352B;

(4) the unclassified state employees retirement program of the Minnesota State Retirement System, established under chapter 352D;

(5) the general employee retirement plan of the Public Employees Retirement Association, established under chapter 353;

(6) the public employees police and fire retirement plan, established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(8) the Teachers Retirement Association, established under chapter 354;

(9) the St. Paul Teachers Retirement Fund Association, established under chapter 354A; ~~and~~

(10) the uniform judicial retirement plan, established under chapter 490~~.~~; and

(11) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established under chapter 353H.

Sec. 51. Minnesota Statutes 2024, section 356.611, subdivision 6, is amended to read:

Subd. 6. **Covered retirement plan.** As used in this section, "covered retirement plan" means any of the following plans:

(1) the legislator's retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the unclassified state employees retirement plan, established by chapter 352D;

(6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees defined contribution plan, established by chapter 353D;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the statewide volunteer firefighter retirement plan, established by chapter 353G;

(11) the Teachers Retirement Association, established by chapter 354;

(12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(13) the higher education individual retirement account plan, established by chapter 354B;

(14) the higher education supplemental retirement plan, established by chapter 354C;

(15) a retirement plan of a volunteer firefighter retirement association subject to chapter 424A;

(16) the judges retirement plan, established by chapter 490; ~~or~~

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

(18) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established under chapter 353H.

Sec. 52. **TRANSFER OF ASSETS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, unless the language or context indicates that a different meaning is intended, the following terms have the meanings given.

(b) "Executive director" means the executive director of the Public Employees Retirement Association appointed under Minnesota Statutes, section 353.03, subdivision 3a.

(c) "General plan" means the general employees retirement plan of the Public Employees Retirement Association.

(d) "Probation and telecommunicator plan" means the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association.

Subd. 2. **Transfer of assets.** (a) No later than 15 days after January 1, 2027, the assets attributable to the members of the general plan whose retirement plan coverage is transferred from the general plan to the probation and telecommunicator plan on January 1, 2027, must be transferred from the general employees retirement fund to the local government probation and telecommunicator retirement fund.

(b) The executive director must direct the actuary retained by the Public Employees Retirement Association under Minnesota Statutes, section 356.214, subdivision 1, to calculate the amount of assets to be transferred under paragraph (a). The amount of assets to be transferred must be calculated as provided in the applicable appendix to the standards for actuarial work adopted under Minnesota Statutes, section 3.85, subdivision 10.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 53. **EFFECTIVE DATE.**

Sections 1 to 44 and sections 46 to 52 are effective January 1, 2027. Section 45 is effective for postretirement adjustments beginning on or after January 1, 2027.

## ARTICLE 6

## PROBATION AND TELECOMMUNICATOR PLANS; TRANSFERS FROM THE GENERAL FUND; TEMPORARY REDUCTION IN EMPLOYEE CONTRIBUTION RATES

Section 1. **TRANSFERS FROM THE GENERAL FUND TO THE PENSION FUNDS FOR PROBATION OFFICERS AND TELECOMMUNICATORS.**

Subdivision 1. **Transfer to the local government probation and telecommunicator retirement fund.** $2,610,000 in fiscal year 2027 is transferred from the general fund to the local government probation and telecommunicator retirement fund established by Minnesota Statutes, section 353H.02, subdivision 1. This is a onetime transfer. This transfer must be made no later than January 15, 2027.

Subd. 2. **Transfer to the general state employees retirement fund.** $390,000 in fiscal year 2027 is transferred from the general fund to the general state employees retirement fund established by Minnesota Statutes, section 352.04, subdivision 1, for the benefit of the probation officers and public safety telecommunicators as defined by Minnesota Statutes, section 352.88, subdivision 2, clauses (i) and (j), respectively. This is a onetime transfer. This transfer must be made no later than January 15, 2027.

Sec. 2. **TEMPORARY REDUCTION OF EMPLOYEE CONTRIBUTION RATES.**

Subdivision 1. **Employee contributions to the MSRS probation and telecommunicator subplan.** The additional employee contribution required under Minnesota Statutes, section 352.88, subdivision 5, paragraph (a), is reduced from 2.71 percent of salary to two percent of salary through August 31, 2028.

Subd. 2. **Employee contributions to the PERA probation and telecommunicator plan.** The employee contribution required under Minnesota Statutes, section 353H.04, subdivision 1, paragraph (a), is reduced from 8.82 percent of salary to eight percent of salary through August 31, 2028.

Subd. 3. **Expiration.** This section expires September 1, 2028.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective January 1, 2027.

## ARTICLE 7

## VOLUNTEER FIREFIGHTERS

Section 1. Minnesota Statutes 2024, section 353G.02, subdivision 4, is amended to read:

Subd. 4. **Periodic audit; biennial actuarial valuation; ~~biennial~~ annual funding report.** (a) The legislative auditor shall periodically audit the retirement fund.

(b) The executive director must retain an approved actuary under section 356.214 to perform biennial actuarial valuations of each fire department account in the monthly division. The actuarial valuation must conform with section 356.215 and the standards for actuarial work. The actuarial valuation must contain sufficient detail for each participating employer to ascertain the actuarial condition of its account in the retirement fund and the amount of its required contribution to the account.

(c) The executive director must perform ~~biennial~~ annual funding assessments of each fire department account in the ~~lump-sum division~~ defined benefit plan. The assessment must comply with section 353G.08, subdivision 1 or 1a, as applicable.

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

Sec. 2. Minnesota Statutes 2024, section 353G.08, subdivision 1, is amended to read:

Subdivision 1. **~~Biennial~~ Annual funding reports; lump-sum division.** (a) The executive director must annually determine the funding requirements for each fire department account in the lump-sum division on or before August 1 ~~every other year~~. The funding requirements computed under this subdivision must be determined using a mathematical procedure developed and certified as accurate by the approved actuary retained by the association and must be based on present value factors using a six percent investment return rate, without any decrement assumptions. The executive director must provide written notice of the funding requirements to the entity or entities associated with the fire department whose active firefighters are covered by the plan.

(b) The overall funding balance of each fire department account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the fire department as of December 31 of the current year must be calculated based on the service credit of active and deferred members as of that date.

(2) The assets of the fire department account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. The executive director must begin phasing in the use of actuarial value of assets in making this calculation beginning with the funding reports for 2026.

(3) The amount of the assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of the assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of assets is equal to the amount of the total accrued liability, then the account is considered to be fully funded.

(c) The financial requirements of each fire department for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the fire department as of December 31 of the calendar year next following the current calendar year must be calculated based on the service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of administrative expenses of the account must be calculated by multiplying the per-person dollar amount of the administrative expenses for the most recent prior calendar year by the number of active and deferred firefighters reported to the association on the most recent service credit certification form for the account.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum division is the annual financial requirements of the fire department account under paragraph (c) reduced by the amount of any fire state aid payable under chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of investment earnings on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid received in the prior year multiplied by the factor 1.035.

~~(e) The financial requirement for each fire department account in the lump-sum division for the second year of the biennial valuation period must be in the amount determined in paragraph (d) increased by six percent, but no more than the excess, if any, of the amount determined under paragraph (e), clause (1), less the actual market value of assets in the fire department account as of that date.~~

~~(f)~~ (e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

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

Sec. 3. Minnesota Statutes 2024, section 424A.001, subdivision 8, is amended to read:

Subd. 8. **Firefighting service.** "Firefighting service" means duties performed by firefighters and, if approved by the appropriate municipality or municipalities under section 424A.01, duties performed by fire prevention personnel and volunteer emergency medical personnel.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 4. Minnesota Statutes 2024, section 424A.001, subdivision 9, is amended to read:

Subd. 9. **Separate from active service.** "Separate from active service" means ~~that a firefighter~~ permanently ~~ceases~~ ceasing to perform ~~fire suppression duties and fire prevention duties~~ and~~, permanently ceases to~~ supervise ~~fire suppression, and fire prevention duties~~ all firefighting service with a particular fire department.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 5. Minnesota Statutes 2024, section 424A.001, subdivision 9a, is amended to read:

Subd. 9a. **Break in service.** "Break in service" means temporarily ceasing ~~all of the following~~ to perform and supervise all firefighting service with a particular fire department~~:~~.

~~(1) performing fire suppression duties;~~

~~(2) performing fire prevention duties;~~

~~(3) supervising fire suppression duties; and~~

~~(4) supervising fire prevention duties.~~

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 6. Minnesota Statutes 2024, section 424A.001, subdivision 9b, is amended to read:

Subd. 9b. **Firefighter.** "Firefighter" means a person who is a member of a fire department and a volunteer firefighter, paid on-call firefighter, part-time firefighter, full-time firefighter, career firefighter, or any combination thereof and who, in that capacity, engages in firefighting service.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 7. **[424A.012] RETURN TO ACTIVE FIREFIGHTING SERVICE.**

Subdivision 1. **Return to active firefighting without prior receipt of pension or benefit.** (a) This subdivision governs the service pension calculation requirements of a firefighter who returns to active service after a break in service and who has not previously been paid a service pension or disability benefit from the relief association. This subdivision applies to all breaks in service, except that the resumption service requirements of this subdivision do not apply to leaves of absence made available by federal or state statute.

(b) If a firefighter who has a break in service of any duration resumes performing active firefighting with the fire department associated with the relief association and if permitted in the bylaws of the relief association, the firefighter may again become an active member of the relief association, subject to the requirements of this subdivision and the service pension calculation requirements under this section.

(c) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or the relief association is exempt from any minimum period of resumption service requirement established under paragraph (f).

(d) A firefighter who has a break in service not exceeding one year but has not been granted an approved leave of absence may be made exempt from any minimum period of resumption service requirement established under paragraph (f).

(e) A firefighter may qualify to receive a service pension from the relief association for the original and resumption service periods if the firefighter:

(1) is a former firefighter who has not been paid a service pension or disability benefit;

(2) returns to active relief association membership under paragraph (b); and

(3) meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, as applicable, and as defined in the bylaws in effect on the date of the firefighter's separation from active service, based on the original and resumption years of service credit.

(f) A defined benefit relief association may define in the relief association's bylaws a minimum period of resumption service requirement that applies to firefighters who return to active membership and who have not been paid a service pension or disability benefit for their original period of service. The service pension benefit level used to calculate any service pension payable for both the original and resumption service periods is:

(1) the service pension benefit level in effect on the date of the firefighter's separation from active resumption service if a minimum period of resumption service requirement is defined in the bylaws and is completed prior to a firefighter's cessation of resumption service or if no resumption service is defined in the bylaws; or

(2) the service pension benefit level in effect on the date of the firefighter's termination of original service if a minimum period of resumption service requirement is defined in the bylaws but is not completed prior to a firefighter's cessation of resumption service.

(g) Any service pension payable under this subdivision is less any amounts previously forfeited under section 424A.016, subdivision 4, or 424A.02, subdivision 3, paragraph (c), as applicable.

Subd. 2. **Return to active firefighting after receipt of pension or benefit.** (a) This subdivision governs the service pension calculation requirements of a firefighter who resumes performing active firefighting service with the fire department associated with the relief association after being paid a service pension or disability benefit from the relief association. The firefighter must wait at least 60 days following receipt of the pension or benefit before resuming active firefighting service with

the fire department and, if permitted in the bylaws of the relief association, active membership in the relief association.

(b) A firefighter may qualify to receive a service pension from the relief association for the resumption service period if the firefighter:

(1) is a former firefighter who has been paid a service pension or disability benefit or is receiving a monthly benefit service pension;

(2) returns to active relief association membership; and

(3) meets the service requirements defined in the relief association's bylaws in effect on the date of the firefighter's separation from active service and, as applicable:

(i) paragraph (g);

(ii) section 424A.016, subdivision 3; or

(iii) section 424A.02, subdivision 2.

(c) For defined benefit relief associations, the service pension for the resumption service period must be calculated by applying the service pension benefit level in effect on the date of the firefighter's termination of resumption service for all years of the resumption service.

(d) For defined contribution relief associations, the service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(e) If provided in the bylaws, a firefighter who returns to active relief association membership may continue to collect a monthly service pension from the relief association, notwithstanding the requirement under section 424A.02, subdivision 1, that the firefighter has separated from active service.

(f) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b):

(1) the firefighter's monthly service pension payments are suspended as of the first day of the month next following the date on which the firefighter returns to active membership if the relief association bylaws prohibit the firefighter from collecting a monthly service pension;

(2) the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service; and

(3) if the monthly service pension payments were suspended under clause (1), the suspended initial service pension resumes as of the first of the month next following the termination of the resumption service.

(g) A relief association may define in the relief association's bylaws vesting requirements that apply solely to former firefighters who have been paid a service pension or disability benefit and

subsequently return to active relief association membership. If a relief association elects to define vesting requirements that are applicable solely to these former firefighters, the requirements may be different than the requirements for all other relief association members and need not comply with the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, as applicable, but cannot require more than 20 years of active service for full vesting.

(h) No firefighter may be paid a service pension more than once for the same period of service.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 8. Minnesota Statutes 2024, section 424A.014, subdivision 1, is amended to read:

Subdivision 1. **Financial report and audit.** (a) An annual financial report and audited financial statements in accordance with paragraphs (c) to (e) must be submitted by the board of trustees of the Bloomington Fire Department Relief Association and the board of trustees of each firefighters relief association with special fund assets of at least ~~$750,000~~ $1,000,000 or special fund liabilities of at least ~~$750,000~~ $1,000,000, according to ~~any~~ the previous year's financial report.

(b) The board of trustees of a firefighters relief association with special fund assets of less than ~~$750,000~~ $1,000,000 and special fund liabilities of less than ~~$750,000~~ $1,000,000, according to ~~each~~ the previous year's financial report, may submit an annual financial report and audited financial statements in accordance with paragraphs (c) to (e). If the special fund assets or special fund liabilities of a firefighters relief association to which this paragraph applies subsequently exceed $1,000,000 as of the beginning of a calendar year, then an annual financial report and audited financial statements are required under paragraph (a), beginning with reports filed with the state auditor in the calendar year following the calendar year in which the $1,000,000 threshold was exceeded.

(c) The financial report must cover the relief association's special fund and general fund and be in the style and form prescribed by the state auditor. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is directly associated with a municipal fire department;

(2) the municipal clerk or clerk-treasurer of the largest municipality in population that contracts with the independent nonprofit firefighting corporation if the firefighters relief association is a subsidiary of an independent nonprofit firefighting corporation, and by the secretary of the independent nonprofit firefighting corporation; or

(3) the chief financial official of the county in which the firefighters relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The financial report must be retained in the office of the Bloomington Fire Department Relief Association or the firefighters relief association for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor on or before June 30 after the close of the fiscal year.

(e) Audited financial statements that present the true financial condition of the relief association's special fund and general fund must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor on or before June 30 after the close of the fiscal year. Audits must be conducted in compliance with generally accepted auditing standards and section 6.65 governing audit procedures. The state auditor may accept audited financial statements in lieu of the financial report required in paragraph (a).

**EFFECTIVE DATE.** This section is effective December 31, 2026, and applies to audited financial statements for calendar year 2026 and thereafter. A relief association with special fund assets of less than $1,000,000 and special fund liabilities of less than $1,000,000 on December 31, 2026, is not required to submit audited financial statements under Minnesota Statutes, section 424A.014, subdivision 1, unless and until the association's special fund assets or special fund liabilities exceed $1,000,000, even if audited financial statements were required on the date immediately prior to December 31, 2026.

Sec. 9. Minnesota Statutes 2024, section 424A.016, subdivision 4, is amended to read:

Subd. 4. **Individual accounts.** (a) An individual account must be established for each firefighter who is a member of the relief association.

(b) To each individual active member account must be credited an equal share of:

(1) any amounts of fire state aid and police and firefighter retirement supplemental state aid received by the relief association;

(2) any amounts of municipal contributions to the relief association raised from levies on real estate or from other available municipal revenue sources exclusive of fire state aid; and

(3) any amounts equal to the share of the assets of the special fund to the credit of:

(i) any former member who terminated active service with the fire department to which the relief association is associated before meeting the minimum service requirement provided for in subdivision 2, paragraph (b), and either has not returned to active service with the fire department for a period no shorter than five years or has died and no survivor benefit or death benefit is payable; or

(ii) any member who terminated active service before becoming 100 percent vested in the member's account under subdivision 2, paragraph (b), and any applicable provision of the bylaws of the relief association.

(c) In addition, any investment return on the assets of the special fund must be credited in proportion to the share of the assets of the special fund to the credit of each individual active member account and inactive member account, unless the inactive member is a deferred member as defined in subdivision 6.

(d) Administrative expenses of the relief association payable from the special fund may be deducted from individual accounts in a manner specified in the bylaws of the relief association.

(e) Amounts to be credited to individual accounts under paragraph (b) must be allocated uniformly for all years of active service and allocations must be made for all years of service, except for caps on service credit if so provided in the bylaws of the relief association. Amounts forfeited under paragraph (b), clause (3), before a resumption of active service and membership under section ~~424A.01, subdivision 6,~~ 424A.012 remain forfeited and may not be reinstated upon the resumption of active service and membership. The allocation method may utilize monthly proration for fractional years of service, as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month.

(f) At the time that the payment of a service pension commences under subdivision 2 and any applicable provision of the bylaws of the relief association, a retiring member is entitled to that portion of the assets of the special fund to the credit of the member in the individual member account which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief association based on the number of years of service to the credit of the retiring member.

(g) Annually, the secretary of the relief association shall certify the individual account allocations to the state auditor at the same time that the annual financial statement or financial report and audit of the relief association, whichever applies, is due under section 424A.014.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 10. Minnesota Statutes 2025 Supplement, section 424A.016, subdivision 6, is amended to read:

Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a relief association who has separated from active service and membership and has completed the minimum service and membership requirements in subdivision 2. The requirement that a member separate from active service and membership is waived for any person who has discontinued volunteer firefighter and paid on-call firefighter duties and is employed on a part-time or full-time basis under section 424A.015, subdivision 1.

(b) A deferred member is entitled to receive a deferred service pension as soon as practicable after the member submits a valid written application for the distribution and complies with any conditions as to age prescribed by the relief association's bylaws.

(c) A defined contribution relief association must credit ~~interest or~~ additional investment performance on the deferred lump-sum service pension during the period of deferral for all deferred members on or after January 1, 2021. A defined contribution relief association may specify in its bylaws the method by which it will credit ~~interest or~~ additional investment performance to the accounts of deferred members. Such method shall be limited to one of the three methods provided in this paragraph. In the event the bylaws do not specify a method, the ~~interest or~~ additional investment performance must be credited using the method defined in clause (3). The permissible methods are:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at the investment return on the assets of the special fund of the defined contribution relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account.

(d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw amendments made in accordance with paragraph (c) on or before January 1, 2022, shall apply to members already in deferred status as of January 1, 2021.

(e) Unless the bylaws provide differently, ~~interest or~~ additional investment performance must be allocated to each deferred member account beginning on the date that the member separates from active service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension.

(f) Notwithstanding the requirements of section 424A.015, subdivision 6, a relief association that amends its bylaws to lower the required minimum retirement age may specify in the bylaws amendment that the lower minimum retirement age applies to members who separated from active service and membership prior to the effective date of the bylaws amendment.

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

Sec. 11. Minnesota Statutes 2025 Supplement, section 424A.05, subdivision 3, is amended to read:

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

(1) for the payment or direct rollover under section 356.633 of service pensions to members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, or to replace a monthly benefit service pension under section 424A.093, subdivision 1;

(3) for the payment or direct rollover under section 356.633 of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment or direct rollover under section 356.633 of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

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

(6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization;

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

(8) for the payment or direct rollover under section 356.633 of a service pension to the former spouse of a member or former member of a relief association, if the former spouse is an alternate payee designated in a qualified domestic relations order under subdivision 5.

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

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

Sec. 12. Minnesota Statutes 2024, section 424B.22, subdivision 5, is amended to read:

Subd. 5. **Determination of assets and liabilities.** (a) The board of trustees ~~shall~~ must determine the following as of the date of termination of the retirement plan:

(1) the fair market value of the assets of the special fund;

(2) ~~the present value of~~ each participant's accrued benefit, taking into account full vesting under subdivision 3 and any increased lump-sum or monthly benefit level approved under subdivision 4;

(3) ~~the present value of~~ any benefit remaining to be paid to ~~each~~ any retiree in pay status~~, if any~~ and to any other benefit recipient; and

(4) administrative expenses incurred or reasonably anticipated to be incurred through the date on which all retirement benefits have been distributed or transferred or, if later, the effective date of the dissolution of the relief association.

(b) The board of trustees ~~shall~~ must compile a schedule that includes the following information:

(1) the name of each participant, including each retiree in pay status, to whom ~~a~~ an accrued benefit ~~or pension~~ is or will be owed;

(2) the name of each other benefit recipient to whom a benefit ~~or pension~~ is or will be owed; and

(3) for each individual described in clauses (1) and (2), the amount of the benefit ~~or pension~~ to which the individual is entitled under the bylaws of the relief association, taking into account the changes required or permitted by this section~~,~~ and the corresponding number of years of service on which the benefit ~~or pension~~ is based~~, and the earliest date on which the benefit or pension would have been payable under the bylaws of the relief association~~.

(c) If the relief association is dissolving, in addition to the determination under paragraph (a) for the retirement plan, the board of trustees ~~shall~~ must determine, as of the effective date of the dissolution of the relief association, the legal obligations of the general fund of the relief association.

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

Sec. 13. Minnesota Statutes 2024, section 424B.22, subdivision 7, is amended to read:

Subd. 7. **Allocation of surplus.** (a) If the retirement plan is a defined benefit plan and if, after completing the determination of assets, liabilities, and administrative expenses under subdivision 5, ~~there is~~ the retirement plan's assets exceed liabilities and administrative expenses, resulting in a surplus, the board of trustees ~~shall~~ must transfer to the affiliated municipality the lesser of (1) the amount of the surplus, or (2) the sum of all required contributions, without investment earnings or interest thereon, made by the municipality to the relief association during the year in which the termination of the retirement plan occurs or during the preceding nine years.

(b) If the affiliated municipality did not make any required contributions to the relief association during the current or preceding nine years or if, after the transfer described in paragraph (a), there is surplus remaining, the relief association and the municipality will mutually agree on an allocation between them of the remaining surplus.

(c) If, within 180 days ~~of~~ after the date of termination of the retirement plan, the municipality and relief association have not reached an agreement on the allocation of the surplus under paragraph (b), then 50 percent of the surplus ~~shall~~ must be retained by the relief association and 50 percent of the surplus ~~shall~~ must be transferred to the affiliated municipality.

(d) Any surplus retained by the relief association under paragraph (c) ~~shall~~ must be allocated among all participants eligible to share in the surplus under paragraph (e) in the same proportion that the ~~present value of the~~ accrued benefit for each eligible participant bears to the total ~~present value of the~~ accrued benefits of all participants eligible to share in the surplus, and each eligible participant's accrued benefit, as determined under subdivision 5, paragraph (a), clause (2), ~~shall~~ must be increased by the participant's share of the surplus. If a participant is receiving or has elected to receive a monthly pension, the participant's accrued benefit for the purpose of allocating surplus is the lump sum present value of the monthly pension benefit to which the participant is entitled to receive.

(e) The board of trustees ~~shall~~ must determine eligibility to share in the surplus, which may include all participants and any former participants who, within the last three years or such other number of years as determined by the board of trustees, separated from active service and received their retirement benefit. If the board of trustees decides to include former participants in the allocation of the surplus, the board of trustees ~~shall~~ must modify the method for allocating the surplus to take into account the former participants.

~~(e)~~ (f) Any amount of surplus transferred to the affiliated municipality under this subdivision may only be used for the purposes described in section 424A.08, paragraph (a) or (b).

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

Sec. 14. Minnesota Statutes 2024, section 424B.22, subdivision 8, is amended to read:

Subd. 8. **Immediate distribution of retirement benefits and payment of all other obligations.** (a) The board of trustees ~~shall~~ must liquidate the assets of the special fund and pay retirement benefits

and administrative expenses under the retirement plan within 210 days after the effective date of the termination of the retirement plan.

(b) If the retirement plan is a defined benefit plan that pays lump-sum benefits or a defined contribution plan, without regard to whether the participant has attained age 50, the board of trustees must offer each participant and other benefit recipient ~~shall be permitted~~ the option to elect an immediate distribution or a direct rollover of the ~~participant's~~ benefit to an eligible retirement plan as permitted under section 356.633, subdivisions 1 and 2, if the benefit is an eligible rollover distribution as defined in section 356.633, subdivision 1, paragraph (d).

(c) If the retirement plan is a defined benefit plan that pays monthly pension benefits, the board of trustees ~~shall~~ must, at the election of the participant or other benefit recipient, purchase an annuity contract under section 424A.015, subdivision 3, naming the participant or other benefit recipient, as applicable, as the insured or distribute a lump-sum amount that is equal to the present value of the monthly pension benefits to which the participant or other benefit recipient is entitled. If an annuity is elected by the participant or other benefit recipient, the annuity ~~shall~~ must provide for commencement at a date elected by the insured, to be paid as an annuity for the life of the insured. The board of trustees must transfer legal title to the annuity contract ~~shall be transferred~~ to the insured. If the participant or other benefit recipient elects a lump sum ~~is elected~~ amount, the board of trustees must offer the participant or other benefit recipient the option under paragraph (b) to take an immediate distribution or a direct rollover ~~shall apply~~.

(d) The board of trustees ~~shall~~ must complete the distribution of all assets of the special fund by making any remaining distributions or transfers as required under subdivision 9 on behalf of participants or other benefit recipients who cannot be located or are ~~unresponsive~~ nonresponsive and paying any remaining administrative expenses related to the termination of the plan.

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

Sec. 15. Minnesota Statutes 2024, section 424B.22, subdivision 9, as amended by Laws 2026, chapter 56, section 36, is amended to read:

Subd. 9. **Missing or nonresponsive participants.** ~~(a) For purposes of this subdivision, the terms defined in this subdivision have the meanings given them.~~

~~(b) "Retirement benefit" means:~~

~~(1) the participant's account balance if the retirement plan is a defined contribution plan;~~

~~(2) the participant's lump-sum benefit if the retirement plan is a defined benefit plan that pays a lump sum; or~~

~~(3) an amount equal to the present value of the participant's benefit if the retirement plan is a defined benefit plan that pays a monthly annuity.~~

~~(c) "Individual retirement account" means an account that satisfies the requirements of section 408(a) of the Internal Revenue Code which is established by an officer of the relief association in the name of the participant or other benefit recipient at a financial institution insured federally or by an approved credit union guaranty corporation.~~

~~(d)~~ (a) If the board of trustees cannot locate a participant or other benefit recipient, the board of trustees ~~shall~~ must make a diligent effort to obtain a current address or other contact information as follows:

(1) send a notice to the address on file for the participant or other benefit recipient using certified mail;

(2) check with the Minnesota State Fire Department Association, the municipality, and any other employer of the participant;

(3) check with the participant's designated beneficiary on file with the relief association; and

(4) use one or more of the Internet search tools that are free of charge.

~~(e) The board of trustees shall~~ (b) The board of trustees must dispose of the retirement benefit of a participant or other benefit recipient under clause (1) or (2) if the board of trustees is unable to locate the participant or other benefit recipient after taking the actions described in paragraph (a) or the participant or other benefit recipient does not make an election of a distribution or direct rollover under subdivision 8, paragraph (b), or an annuity or lump sum distribution or direct rollover under subdivision 8, paragraph (c). The board of trustees must:

(1) transfer the retirement benefit to an individual retirement account that satisfies the requirements of section 408(a) of the Internal Revenue Code and is established by an officer of the relief association in the name of the participant or other benefit recipient at a federally insured financial institution; or

(2) consider the retirement benefit abandoned and deposit funds in the amount of the retirement benefit with the commissioner of commerce under chapter 345, notwithstanding any laws to the contrary, including section 345.381~~, if the board of trustees is unable to locate the participant or other benefit recipient after taking the actions described in paragraph (d) or the participant or other benefit recipient does not elect to receive or rollover a retirement benefit to which the participant or other benefit recipient is entitled~~.

(c) For the purpose of this subdivision, a retirement benefit that is a monthly pension or annuity may be disposed of under paragraph (b) by converting the monthly pension or annuity to a lump sum that is equal to the present value of the monthly pension or annuity to which the participant or other benefit recipient is entitled.

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

Sec. 16. **TRANSFER OF MAPLE PLAIN FIRE DEPARTMENT RECORDS, ASSETS, AND LIABILITIES FROM THE STATEWIDE VOLUNTEER FIREFIGHTER PLAN.**

(a) No later than 60 days after the effective date, the executive director of the Public Employees Retirement Plan must transfer the records, assets, and liabilities of the Maple Plain fire department to the Maple Plain Fire Relief Association.

(b) Minnesota Statutes, section 353G.17, applies to the transfer under paragraph (a) except as modified by clauses (1) to (9) of this paragraph.

(1) Subdivision 1, paragraph (b), clause (3), does not apply.

(2) Subdivision 1, paragraphs (c) and (d), do not apply.

(3) Subdivision 2, paragraph (a), clause (2), does not apply.

(4) Subdivision 2, paragraphs (b) and (c), do not apply.

(5) Subdivision 3, paragraph (a), is revised to require that the vote be conducted by the board of trustees of the Maple Plain Fire Relief Association, rather than the executive director of the Public Employees Retirement Association, and that the vote by members of the Maple Plain Fire Relief Association must occur no earlier than four months before the effective date and no later than 30 days after the effective date.

(6) Subdivision 3, paragraphs (c) to (e), do not apply.

(7) Subdivision 4, paragraph (a), is revised to require the Statewide Volunteer Firefighter Plan to make the transfer described in paragraph (a) upon completion of the actions required under Minnesota Statutes, section 353G.17, subdivisions 1 to 3, as revised by this section, and to replace "as of the effective date identified in the notice under subdivision 1," with "no later than 60 days after the effective date."

(8) Subdivision 5, paragraph (d), is revised to add at the end of paragraph (d): "For the purpose of this section, the "value" of a firefighter's benefit means the amount determined by multiplying the firefighter's years of service by the benefit level applicable to the firefighter as determined under Minnesota Statutes, section 424B.22."

(9) Subdivision 6 is revised to delete the phrase "or the requirements of subdivision 2, paragraph (b), are not met."

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

Sec. 17. **PENSION PAYMENTS AND PLAN TERMINATION.**

Upon completion of the transfer of records, assets, and liabilities under section 14 to the Maple Plain Fire Relief Association, the Maple Plain Fire Relief Association must make pension benefit payments in accordance with Minnesota Statutes, section 424B.22, as amended and in effect on the date payments are made, and subsequently terminate and dissolve the relief association in accordance with Minnesota law.

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

Sec. 18. **PAYMENT OF SUPPLEMENTAL BENEFITS.**

(a) The city of Maple Plain is authorized, but not required, to pay supplemental benefits due under Minnesota Statutes, section 424A.10, to each qualified recipient or survivor, as defined in Minnesota Statutes, section 424A.10, of the Maple Plain Fire Relief Association. If the city of Maple Plain pays supplemental benefits, the city is eligible for reimbursement from the commissioner of revenue under Minnesota Statutes, section 424A.10, for the amount of supplemental benefits paid.

(b) If the city of Maple Plain pays supplemental benefits due under Minnesota Statutes, section 424A.10, as authorized by paragraph (a), the Maple Plain Fire Relief Association is deemed to have satisfied the requirement under Minnesota Statutes, section 424A.10, to pay supplemental benefits.

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

Sec. 19. **REPEALER.**

Minnesota Statutes 2024, section 424A.01, subdivision 6, is repealed.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

## ARTICLE 8

## ALL PUBLIC PENSION PLANS

Section 1. Minnesota Statutes 2024, section 43A.346, subdivision 8, is amended to read:

Subd. 8. ~~**No**~~ **Service credit; contributions.** (a) Notwithstanding any law to the contrary, a person may not earn service credit in the Minnesota State Retirement System or the Public Employees Retirement Association for employment covered under this section~~, and employer contributions and payroll deductions for the retirement fund must not be made based on earnings of a person working under this section~~.

(b) A person employed in a postretirement option position must not be required to make payroll deduction contributions to the Minnesota State Retirement System or the Public Employees Retirement Association during the period of postretirement option employment.

(c) The employer of a person in a postretirement option position who would otherwise be covered by the general state employees retirement plan of the Minnesota State Retirement System must make employer contributions to the general state employees retirement fund as specified in section 352.04, subdivision 3, during the period of postretirement option employment. The employer of the person in a postretirement option position who would otherwise be covered by the general employees retirement plan of the Public Employees Retirement Association must make employer and additional employer contributions to the general employees retirement fund as specified in section 353.27, subdivisions 3 and 3a, during the period of postretirement option employment.

(d) No change ~~shall~~ may be made to a monthly annuity or retirement allowance based on employment under this section.

**EFFECTIVE DATE.** This section is effective on the first day of the payroll period beginning on or after January 1, 2027.

Sec. 2. Minnesota Statutes 2024, section 43A.346, subdivision 10, is amended to read:

Subd. 10. **Subsequent employment.** If a person has been in a postretirement option position and accepts any other position in state or Metropolitan Council-paid service, in the subsequent state or Metropolitan Council-paid employment the person may not earn service credit in the Minnesota State Retirement System or Public Employees Retirement Association, no ~~employer contributions~~

~~or~~ payroll deductions for the retirement fund ~~shall~~ may be made, and the provisions of section 352.115, subdivision 10, or ~~section~~ 353.37, ~~shall~~ apply.

**EFFECTIVE DATE.** This section is effective on the first day of the payroll period beginning on or after January 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 352.01, subdivision 13, is amended to read:

Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means wages, or other periodic compensation, paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not include:

(1) lump-sum sick leave payments;

(2) severance payments;

(3) lump-sum annual leave payments and overtime payments made at the time of separation from state service;

(4) payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage;

(5) payments made as an employer-paid fringe benefit;

(6) workers' compensation payments;

(7) employer contributions to a deferred compensation or tax-sheltered annuity program; ~~and~~

(8) amounts contributed under a benevolent vacation and sick leave donation program~~.~~; and

(9) payments from the family and medical benefit insurance account for Minnesota paid leave under chapter 268B.

(c) Amounts paid to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the grievance or settlement agreement is received by the executive director no fewer than 14 days before payment is made and the executive director determines that:

(1) the grievance or settlement agreement describes with sufficient specificity the period or periods of time worked or not worked by the employee for which the amounts are compensation; and

(2) the amounts are salary as defined in paragraph (a) and the determination is consistent with prior determinations.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

Sec. 4. Minnesota Statutes 2024, section 352.115, subdivision 10, is amended to read:

Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received as a temporary employee of the legislature during a legislative session, if any retired employee again becomes entitled to receive salary or wages from any employer who employs state employees as that term is defined in section 352.01, subdivision 2, in a position covered by this chapter, the annuity or retirement allowance must cease the first of the month following the month that the retired employee has earned an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the retired employee has not yet reached the minimum age for the receipt of Social Security benefits, the maximum earnings for the retired employee are equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.47.

(c) The annuity must be resumed the first of the month following the month that state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change may be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

(f) If a reemployed annuitant whose annuity is suspended under paragraph (a) is having insurance premium amounts withheld under section 356.87, subdivision 2, insurance premium amounts must continue to be withheld and transferred from the suspended portion of the annuity. The balance of the annual retirement annuity after cessation, after deduction of the insurance premium amounts, must be treated as specified in paragraph (b).

(g) If a reemployed annuitant whose annuity is suspended under paragraph (a) has a former spouse receiving a portion of the annuity allowable under section 518.58, subdivision 1, the portion payable to the former spouse must continue to be paid.

(h) During the period of reemployment, the employer of a reemployed annuitant must make employer contributions. If the reemployed annuitant is working in a position that would otherwise be covered by the general state employees retirement plan, the employer must make employer contributions as specified in section 352.04, subdivision 3. If the reemployed annuitant is working in a position that would otherwise be covered by the correctional state employees retirement plan, the employer must make employer and supplemental contributions as specified in section 352.92, subdivisions 2 and 2a.

**EFFECTIVE DATE.** This section is effective on the first day of the payroll period beginning on or after January 1, 2027.

Sec. 5. Minnesota Statutes 2024, section 352.1155, subdivision 3, is amended to read:

Subd. 3. **Service credit ~~prohibition~~; contributions.** (a) Notwithstanding any law to the contrary, a person eligible under this section may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a firefighter relief association governed by chapter 424A or the statewide volunteer firefighter plan governed by chapter 353G. ~~No employer or employee contribution to any of these plans may be made on behalf of such a person.~~

(b) A person eligible under this section must not be required to make employee contributions as specified in section 352.04, subdivision 2, during the period of reemployment.

(c) The employer of a person eligible under this section must make employer contributions as specified in section 352.04, subdivision 3, during the period of the person's reemployment.

**EFFECTIVE DATE.** This section is effective on the first day of the payroll period beginning on or after January 1, 2027.

Sec. 6. Minnesota Statutes 2024, section 353.01, subdivision 10, is amended to read:

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

(1) the wages or periodic compensation payable to a public employee by the employing governmental subdivision before:

(i) employee retirement deductions that are designated as picked-up contributions under section 356.62;

(ii) any employee-elected deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs that would have otherwise been available as a cash payment to the employee; and

(iii) employee deductions for contributions to a supplemental plan or to a governmental trust established under section 356.24, subdivision 1, clause (7), to save for postretirement health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the contributions will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages;

(3) a payment from a public employer through a grievance proceeding, settlement, or court order that is attached to a specific earnings period in which the employee's regular salary was not earned or paid to the member due to a suspension or a period of involuntary termination that is not a wrongful discharge under section 356.50; provided the amount is not less than the equivalent of the average of the hourly base salary rate in effect during the last six months of allowable service prior to the suspension or period of involuntary termination, plus any applicable increases awarded during the period that would have been paid under a collective bargaining agreement or personnel policy but

for the suspension or involuntary termination, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the suspension or period of involuntary termination, but not to exceed the compensation that the public employee would have earned if regularly employed during the applicable period;

(4) compensation paid during an authorized leave of absence~~, other than an authorized medical leave of absence, as long as the compensation paid during a pay period is not less than the lesser of:~~; and

~~(i) the product of the average hourly base salary rate in effect during the six months of allowable service immediately preceding the leave, multiplied by the average number of regular hours for which the employee was compensated each pay period during the six months of allowable service immediately preceding the leave of absence; or~~

~~(ii) compensation equal to the value of the employee's total available accrued leave hours;~~

~~(5) compensation paid during an authorized medical leave of absence, other than a workers' compensation leave, as long as the compensation paid during a pay period is not less than the lesser of:~~

~~(i) the product of one-half and the average hourly base salary rate in effect during the six months of allowable service immediately preceding the leave of absence; or~~

~~(ii) compensation equal to the value of the employee's total available accrued leave hours; and~~

~~(6)~~ (5) for a public employee who receives performance or merit bonus payment under a written compensation plan, policy, or collective bargaining agreement in addition to regular salary or in lieu of regular salary increases, the compensation paid to the employee for attaining or exceeding performance goals, duties, or measures during a specified period of employment.

(b) Salary does not mean:

(1) fees paid to district court reporters;

(2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or periodic payments;

(3) for the donor, payment to another person of the value of hours donated under a benevolent vacation, personal, or sick leave donation program;

(4) any form of severance or retirement incentive payments;

(5) an allowance payment or per diem payments for or reimbursement of expenses;

(6) lump-sum settlements not attached to a specific earnings period;

(7) workers' compensation payments, payments from the family and medical benefit insurance account for Minnesota paid leave under chapter 268B, or disability insurance payments, including payments from employer self-insurance arrangements;

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

(9) employer-paid fringe benefits, including~~,~~ but not limited to:

(i) employer-paid premiums or supplemental contributions for employees for all types of insurance;

(ii) membership dues or fees for the use of fitness or recreational facilities;

(iii) incentive payments or cash awards relating to a wellness program;

(iv) the value of any nonmonetary benefits;

(v) any form of payment made in lieu of an employer-paid fringe benefit;

(vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity program; and

(vii) any amount paid by the employer as a supplement to salary, either as a lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not available to the employee as cash;

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

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

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

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

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

(12) the amount of compensation that exceeds the limitation provided in section 356.611;

(13) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant; and

(14) bonus pay that is not performance or merit pay under paragraph (a), clause ~~(6)~~ (5).

(c) Amounts, other than those provided under paragraph (a), clause (3), provided to an employee by the employer through a grievance proceeding, a court order, or a legal settlement are salary only if the settlement or court order is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

**EFFECTIVE DATE.** The amendments to paragraphs (a), clauses (4) and (5), and (b), clause (11), are effective July 1, 2026. The amendment to paragraph (b), clause (7), is effective retroactively from January 1, 2026.

Sec. 7. Minnesota Statutes 2024, section 353.37, subdivision 5, is amended to read:

Subd. 5. **Effect on annuity; contributions.** (a) Except as provided under this section, public service performed by an annuitant described in subdivision 1, paragraph (a), subsequent to retirement from the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan does not increase or decrease the amount of an annuity.

(b) The annuitant ~~shall~~ must not make any further contributions to a defined benefit plan administered by the association by reason of this subsequent public service.

(c) During the period of reemployment, the employer of a reemployed annuitant must make employer contributions. If the reemployed annuitant is working in a position that would otherwise be covered by the general employees retirement plan, the employer must make employer and additional employer contributions as specified in section 353.27, subdivisions 3 and 3a. If the reemployed annuitant is working in a position that would otherwise be covered by the public employees police and fire retirement plan, the employer must make employer contributions as specified in section 353.65, subdivision 3. If the reemployed annuitant is working in a position that would otherwise be covered by the local government correctional service retirement plan, the employer must make employer contributions as specified in section 353E.03, subdivision 2.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 8. Minnesota Statutes 2024, section 353.371, subdivision 6, is amended to read:

Subd. 6. ~~**No**~~ **Service credit; contributions.** (a) Notwithstanding any law to the contrary, a person may not earn allowable service in the general employees retirement plan of the Public Employees Retirement Association for employment covered under this section~~, and employer contributions and~~.

(b) Payroll deductions for the retirement fund must not be made based on earnings of a person working under an agreement covered by this section.

(c) The employer of a person working under an agreement covered by this section must make employer and additional employer contributions to the fund as specified in section 353.27, subdivisions 3 and 3a, during the term of employment under the phased retirement agreement or renewed phased retirement agreement.

(d) No change may be made to a monthly annuity or retirement allowance based on employment under this section.

~~(b)~~ (e) The governmental subdivision ~~shall~~ must report to the executive director the salary earned by an employee in a phased retirement position. The report must include the number of compensated hours the employee worked and must be made on a pay period basis in a manner prescribed by the executive director. Reports must be submitted no later than 14 calendar days following the last day of each pay period.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 9. Minnesota Statutes 2024, section 353.371, subdivision 7, is amended to read:

Subd. 7. **Termination and subsequent employment.** (a) Upon termination of employment under a phased retirement agreement, the governmental subdivision and employee must inform the executive director, in a manner prescribed by the executive director, of the effective date of the employee's termination of public service. The termination from public service must meet the termination and length of separation requirements under section 353.01, subdivisions 11a and 28.

(b) If a person previously employed under a phased retirement agreement subsequently accepts employment with any other governmental subdivision, the person may not earn allowable service in the general employees retirement plan of the Public Employees Retirement Association, no ~~employer contributions or~~ payroll deductions for the retirement fund may be made, and the provisions of section 353.37 apply to the subsequent employment.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 10. Minnesota Statutes 2024, section 354.05, subdivision 35, is amended to read:

Subd. 35. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means the periodic compensation, upon which member contributions are required before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

(1) lump-sum annual leave payments;

(2) lump-sum wellness and sick leave payments;

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

(4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;

(5) any form of severance payments;

(6) workers' compensation payments;

(7) disability insurance payments, including self-insured disability payments;

(8) payments to school principals and all other administrators for services that are in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

(9) payments under section 356.24, subdivision 1, clause (4); ~~and~~

(10) payments made under section 122A.40, subdivision 12, except for payments for sick leave that are accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district~~.~~; and

(11) payments from the family and medical benefit insurance account for Minnesota paid leave under chapter 268B.

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

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

Sec. 11. Minnesota Statutes 2024, section 354.44, subdivision 5, is amended to read:

Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that all or a portion of the annuity payments must be deferred during the calendar year immediately following the fiscal year in which the person's salary from the teaching service is in an amount greater than $46,000. The amount of the annuity deferral is one-half of the salary amount in excess of $46,000 and must be deducted from the annuity payable for the calendar year immediately following the fiscal year in which the excess amount was earned.

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

(c) After a person has reached the Social Security normal retirement age, no deferral requirement is applicable regardless of the amount of salary.

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

(e) For ~~the purpose~~ purposes of this subdivision, salary from teaching service includes all salary or income earned as a teacher as defined in section 354.05, subdivision 2, paragraph (a), clause (1). Salary from teaching service also includes, but is not limited to:

(1) all income for services performed as a consultant, independent contractor, or third-party supplier, or as an employee of a consultant, independent contractor, or third-party supplier, to an employer unit covered by the provisions of this chapter; and

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

(f) Notwithstanding other paragraphs of this subdivision, if the reemployed annuitant has a former spouse receiving a portion of the annuity under section 518.58, subdivision 1, the portion payable to the former spouse must not be deferred.

(g) During the period of reemployment, the employer of a reemployed annuitant must make regular and, if applicable, additional employer contributions as specified in section 354.42, subdivision 3.

**EFFECTIVE DATE.** This section is effective on the first day of the payroll period beginning on or after July 1, 2026.

Sec. 12. Minnesota Statutes 2024, section 354.444, subdivision 5, is amended to read:

Subd. 5. ~~**No**~~ **Service credit** ~~**or contribution**~~**; contributions.** Notwithstanding any law to the contrary~~,~~:

(1) an eligible person under this section may not, based on employment to which this section applies, contribute to or earn further service credit in the ~~Teachers Retirement~~ association~~.~~; and

(2) the employer of an eligible person under this section must make regular and, if applicable, additional employer contributions as specified in section 354.42, subdivision 3, during the period of employment to which this section applies.

**EFFECTIVE DATE.** This section is effective on the first day of the payroll period beginning on or after July 1, 2026.

Sec. 13. Minnesota Statutes 2024, section 354.445, is amended to read:

**354.445 NO ANNUITY REDUCTION.**

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota State Colleges and Universities system with at least ten years of combined service credit in a system under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) was not a recipient of an early retirement incentive under section 136F.481;

(4) begins drawing an annuity from the Teachers Retirement Association; and

(5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than $62,000 in a fiscal year through employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a ~~volunteer fire~~ firefighter relief association plan governed by chapter 424A or the statewide volunteer firefighter plan governed by chapter 353G. ~~No employer or employee contribution to any of these plans may be made on behalf of such a person.~~

(d) A person eligible under paragraphs (a) and (b) must not be required to make employee contributions as specified in section 354.42, subdivision 2, during the period of reemployment.

(e) The employer of a person eligible under paragraphs (a) and (b) must make employer contributions as specified in section 354.42, subdivision 3, during the period of the person's reemployment.

~~(d)~~ (f) For a person eligible under paragraphs (a) and (b) who earns more than $62,000 in a fiscal year through employment after retirement due to employment by the Minnesota State Colleges and Universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over $62,000.

~~(e)~~ (g) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

**EFFECTIVE DATE.** This section is effective on the first day of the payroll period beginning on or after July 1, 2026.

Sec. 14. Minnesota Statutes 2024, section 354A.011, subdivision 24, is amended to read:

Subd. 24. **Salary; covered salary.** (a) Subject to the limitations of section 356.611, "salary" or "covered salary" means the entire compensation, upon which member contributions are required and made, that is paid to a teacher before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

(1) lump-sum annual leave payments;

(2) lump-sum wellness and sick leave payments;

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

(4) any form of payment that is made in lieu of any other employer-paid fringe benefit or expense;

(5) any form of severance payments;

(6) workers' compensation payments;

(7) disability insurance payments, including self-insured disability payments;

(8) payments to school principals and all other administrators for services that are in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

(9) payments under section 356.24, subdivision 1, clause (4)~~(ii)~~; ~~and~~

(10) payments made under section 122A.40, subdivision 12, except for payments for sick leave that are accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district~~.~~; and

(11) payments from the family and medical benefit insurance account for Minnesota paid leave under chapter 268B.

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

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

Sec. 15. Minnesota Statutes 2024, section 354A.095, is amended to read:

**354A.095 PARENTAL AND MATERNITY LEAVE.**

Basic or coordinated members of the St. Paul Teachers Retirement Fund Association who are ~~granted~~ on an authorized parental or maternity leave of absence ~~by the employing authority,~~ are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the fund by the end of the fiscal year following the fiscal year in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary rate upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2026.

Sec. 16. Minnesota Statutes 2024, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the covered retirement plans listed in subdivision 3 and except as provided in subdivision 1a, a person may elect to receive, upon retirement, a retirement annuity from each covered retirement plan, subject to the provisions of paragraph (b), if the person has:

(1) allowable service in any two or more of the covered plans;

(2) at least one-half year of allowable service in each covered plan, based on the allowable service in each plan;

(3) total allowable service that equals or exceeds the longest service credit vesting requirement of the applicable retirement plan; and

(4) not begun to receive an annuity from any covered plan or made application for benefits from each applicable plan and the retirement annuity effective dates of each plan are within a one-year period.

(b) If all requirements in paragraph (a) have been satisfied, the retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the average salary used to calculate the annuity for each formula plan must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates under each plan must be the percentages prescribed by each plan's formula in effect for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the covered plans must be combined in determining eligibility for and the application of each plan's provisions with respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan that is a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(c) If a person eligible for an annuity under paragraph (a) from each covered plan terminates all public service, the deferred annuity must be augmented from the date of termination until the earlier of:

(1) the effective date of retirement; or

(2) December 31, 2018, for the Minnesota State Retirement System and the Public Employees Retirement Association or June 30, 2019, for the Teachers Retirement Association and the St. Paul Teachers Retirement Association.

A deferred annuity must not be augmented after the applicable dates under clause (2). The appropriate rate of augmentation is the rate in effect on the date on which the person entered into public employment and subsequently adjusted according to the laws governing each covered plan, as applicable.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan was before May 1, 1975.

(e) For the purpose of computing annuities under this section:

(1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service for any year of service or fraction thereof;

(2) the public employees police and fire plan and the State Patrol retirement plan accrual rate must not exceed 3.0 percent per year of service for any year of service or fraction thereof;

(3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c); and

(4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service for any year of service or fraction thereof.

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 17. Minnesota Statutes 2024, section 356.30, is amended by adding a subdivision to read:

Subd. 1a. **Exceptions for certain covered plans.** (a) A person meets the requirement of subdivision 1, paragraph (a), clause (1), and does not need to meet the requirements of subdivision 1, paragraph (a), clauses (2) and (4), to calculate a retirement annuity pursuant to this section if the person is eligible to receive retirement annuities from:

(1) both of the covered plans specified in subdivision 3, clauses (1) and (2);

(2) both of the covered plans specified in subdivision 3, clauses (1) and (13); or

(3) the covered plan specified in subdivision 3, clause (12), for allowable service earned under the general employees retirement plan and the local government probation and telecommunicator retirement plan if the person was transferred from the general employees retirement plan to the local government probation and telecommunicator retirement plan on January 1, 2027.

(b) This paragraph applies to a person who is eligible to receive retirement annuities from the covered plans specified in subdivision 3, clauses (1) and (2), and any other covered plan and who elects to calculate the retirement annuities as follows:

(1) for the retirement annuities from the covered plans specified in subdivision 3, clauses (1) and (2), the person does not need to meet the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and may begin to receive one of the annuities and defer receiving the other annuity; and

(2) for the retirement annuity from another covered plan, the person is entitled to have the retirement annuity from the other covered plan calculated under this section if the person meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person has not begun to receive an annuity from the other covered plan or made application for benefits from the other covered plan, and the retirement annuity effective dates of either of the covered plans specified in subdivision 3, clauses (1) and (2), and the other covered plan are within a one-year period.

(c) This paragraph applies to a person who is eligible to receive retirement annuities from the covered plans specified in subdivision 3, clauses (1) and (13), and any other covered plan and who elects to calculate the retirement annuities as follows:

(1) for the retirement annuities from the covered plans specified in subdivision 3, clauses (1) and (13), the person does not need to meet the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and may begin to receive one of the annuities and defer receiving the other annuity; and

(2) for the retirement annuity from another covered plan, the person is entitled to have the retirement annuity from the other covered plan calculated under this section if the person meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person has not begun to receive an annuity from the other covered plan or made application for benefits from the other covered plan, and the retirement annuity effective dates of either of the covered plans specified in subdivision 3, clauses (1) and (13), and the other covered plan are within a one-year period.

(d) This paragraph applies to a person who is eligible to receive retirement annuities from the covered plan specified in subdivision 3, clause (12), for allowable service earned under the general employees retirement plan, the local government probation and telecommunicator retirement plan, and any other covered plan, and who elects to calculate the retirement annuities as follows:

(1) for the retirement annuities from the covered plan specified in subdivision 3, clause (12), the person does not need to meet the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and may begin to receive a retirement annuity for either the allowable service under the general employees retirement plan or the local government probation and telecommunicator retirement plan and defer receiving the other annuity; and

(2) for the retirement annuity from another covered plan, the person is entitled to have the retirement annuity from the other covered plan calculated under this section if the person meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person has not begun to receive an annuity from the other covered plan or made application for benefits from the other covered plan, and the retirement annuity effective dates of the covered plan specified in subdivision 3, clause (12), and the other covered plan are within a one-year period.

(e) Subdivision 1, paragraph (b), clause (1), does not apply if a person is eligible to receive retirement annuities from the covered plans as specified in paragraph (a). Instead, an annuity from a covered plan specified in paragraph (a) must be calculated under the law in effect on the date of termination of public service covered by the covered plan from which the annuity is received.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 18. Minnesota Statutes 2024, section 356.30, subdivision 3, is amended to read:

Subd. 3. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the unclassified employees retirement program, established under chapter 352D;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;

(6) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(8) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(9) the Teachers Retirement Association, established under chapter 354;

(10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A; ~~and~~

(11) the judges retirement fund, established by chapter 490~~.~~;

(12) the local government probation and telecommunicator retirement plan of the Public Employees Retirement Association, established under chapter 353H; and

(13) the special coverage subplans, established under section 352.85, 352.86, 352.87, or 352.88.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 19. Minnesota Statutes 2024, section 356.461, subdivision 1, is amended to read:

Subdivision 1. **Joint and survivor annuity computation.** (a) Notwithstanding any provision of section 356.215, subdivision 8, or 356.415 to the contrary, for purposes of computing joint and survivor annuities under each covered retirement plan in subdivision 2, the applicable investment return assumption is 6.5 percent unless a different percentage has been approved or deemed approved under paragraph (b) for the covered retirement plan.

(b) A change in the investment return assumption for computing joint and survivor annuities may be proposed by the governing board of a covered retirement plan. The assumption may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change was received by the Legislative Commission on Pensions and Retirement without commission action.

(c) The executive director of the Legislative Commission on Pensions and Retirement must update the appendix to the standards for actuarial work whenever a change in the assumption is approved or deemed approved.

**EFFECTIVE DATE.** This section is effective July 1, 2026.

## ARTICLE 9

## MINNESOTA SECURE CHOICE RETIREMENT PROGRAM

Section 1. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to read:

Subd. 1a. **Annual report.** "Annual report" means a report on the following:

(1) financial performance of the program and the agency;

(2) program expenses, including costs attributable to the use of outside consultants, independent contractors, and other persons who are not state employees;

(3) program outcomes;

(4) progress toward savings goals established by the board;

(5) statistics on the number of participating employees, participating employers, and covered employees who have opted out of participation;

(6) estimated impact of the program on social safety net programs; and

(7) penalties, violations, and disciplinary actions for enforcement.

Sec. 2. Minnesota Statutes 2025 Supplement, section 187.03, subdivision 5, is amended to read:

Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed by a covered employer or described in section 187.05, subdivision 7, and who satisfies any other criteria established by the board.

(b) Covered employee does not include:

(1) a person who, on December 31 of the preceding calendar year, was younger than 18 years of age;

(2) a person covered under the federal Railway Labor Act, as amended, United States Code, title 45, sections 151 et seq.;

(3) a person on whose behalf an employer makes contributions to a Taft-Hartley multiemployer pension trust fund;

(4) a person employed by the government of the United States, another country, the state of Minnesota, another state, or any subdivision thereof; or

(5) a person employed on a temporary or seasonal basis for a limited duration, which the employer determines at the time the person is hired will not extend beyond 180 days.

(c) A person described in paragraph (b), clause (5), may elect to have contributions deducted from the person's paycheck for remittance to the program, but only if the employer would otherwise be considered a covered employer.

Sec. 3. Minnesota Statutes 2025 Supplement, section 187.03, subdivision 6a, is amended to read:

Subd. 6a. **Enrollment window.** "Enrollment window" means:

(1) the period established by the board, according to a phase-in schedule approved under Laws 2023, chapter 46, section 10, subdivision 1, paragraph (b), that is applicable to each covered employer and during which the covered employer is first required to ~~provide information to covered employees and~~ enroll covered employees ~~who do not elect to opt out of the program.~~;

(2) the 21-day period beginning with a covered employee's first day of employment with a covered employer during which the covered employer is required to enroll the covered employee; or

(3) the 21-day period beginning on January 1 after the calendar year during which an employer first becomes a covered employer.

Sec. 4. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to read:

Subd. 15. **Waiting period.** "Waiting period" means the 30-day period that begins on the day on which a covered employee is enrolled in the program.

Sec. 5. Minnesota Statutes 2024, section 187.05, subdivision 1, is amended to read:

Subdivision 1. **Program established.** (a) The board must operate ~~an employee~~ a retirement savings program whereby contributions are made by employee payroll deduction ~~contributions are transmitted~~ or, if a covered employee is not employed by a covered employer, by direct payment on an after-tax or pretax basis ~~by covered employers~~ to individual retirement accounts established under the program.

(b) The board must establish procedures for opening a Roth IRA, a traditional IRA, or both a Roth IRA and a traditional IRA for each covered employee whose covered employer transmits employee payroll deduction contributions ~~under~~ or, if a covered employee is not employed by a covered employer, transmits payment to the program.

(c) Contributions must be made on an after-tax (Roth) basis, unless the covered employee elects to contribute on a pretax basis.

Sec. 6. Minnesota Statutes 2025 Supplement, section 187.05, subdivision 1a, is amended to read:

Subd. 1a. **Certification by employers that are not covered employers.** (a) Any entity or person may file through the program web portal or, with the consent of the executive director, by mail or email, a certification ~~with the executive director on a form prescribed by the executive director and provide documentation in support of the certification, as requested by the executive director,~~ stating that the entity or person is not a covered employer. The certification must state that the entity or person is not a covered employer for one or more of the following reasons:

(1) the entity or person has not been engaged for at least 12 months in a business, industry, profession, trade, or other enterprise in Minnesota, whether for profit or not for profit;

(2) the entity or person does not employ five or more employees;

(3) the entity or person sponsors or contributes to or, in the immediately preceding 12 months, sponsored or contributed to a retirement savings plan for its employees; or

(4) the entity is a political subdivision of the state or federal government.

(b) Within 30 days of receiving the certification, the executive director must accept the certification or issue a determination that the entity or person is a covered employer and subject to the requirements of section 187.07.

(c) The entity or person may appeal the executive director's determination by filing an appeal with the board of directors no later than 30 days after receipt of the determination.

(d) If necessary to determine compliance with program requirements, the executive director may request that an entity or person provide documentation in support of a certification filed under paragraph (a). If the entity or person does not provide supporting documentation within 30 days of the request or the documentation is inadequate, the executive director may reject the certification and require the entity or person to enroll its employees in the program.

Sec. 7. Minnesota Statutes 2025 Supplement, section 187.05, subdivision 4, is amended to read:

Subd. 4. **Contribution rate.** (a) The board may change the required employee contribution rates and the escalation schedule under section 187.07, subdivision ~~1~~ 1a.

(b) The board must provide all covered employers and covered employees with notice of a change in employee contribution rates or the escalation schedule at least six months in advance of the effective date of the change.

~~(b) A covered employee must have the right, annually or more frequently as determined by the board, to change the contribution rate, opt out or elect not to contribute, or cease contributions.~~

Sec. 8. Minnesota Statutes 2024, section 187.05, subdivision 7, is amended to read:

Subd. 7. **Individuals not employed by a covered employer.** (a) In addition to home and community-based services employees under paragraph (b), the board may allow individuals not employed by a covered employer to open and contribute to an account in the program, in which case the individual must be considered a covered employee for purposes of sections 187.05 to ~~187.11~~ 187.14.

(b) The board must allow any home and community-based services employee to open and contribute to an account in the program within ~~six~~ twelve months of the opening of the program and must consider a home and community-based services employee a covered employee for purposes of sections 187.05 to ~~187.11~~ 187.14.

Sec. 9. Minnesota Statutes 2024, section 187.05, is amended by adding a subdivision to read:

Subd. 9. **Covered employee right to begin contributing, change the contribution rate, or not contribute.** A covered employee must have the right, annually or more frequently as determined by the board, to:

(1) begin making contributions to the program by payroll deduction or, if not employed by a covered employer, by payment to the program;

(2) change the percentage of compensation being contributed to the program by payroll deduction;

(3) elect not to contribute; or

(4) cease contributions.

Sec. 10. Minnesota Statutes 2024, section 187.06, subdivision 3, is amended to read:

Subd. 3. **Individual accounts established.** The trustee or custodian, as applicable, must maintain an account for each covered employee who has made or is making employee payroll deduction contributions ~~with respect to each covered employee~~ or, if the covered employee is not employed by a covered employer, has made or is making payments to the program until all assets in the account are distributed. ~~Interest and~~ Investment earnings on the amount in the account are credited to the account, and investment losses and administrative fees are deducted from the account.

Sec. 11. Minnesota Statutes 2025 Supplement, section 187.07, subdivision 1, is amended to read:

Subdivision 1. **Requirement to enroll employees and begin payroll deduction contributions.** (a) ~~Each~~ A covered employer must enroll its covered employees in the program ~~and withhold~~ during the applicable enrollment window.

(b) The covered employer must begin withholding payroll deduction contributions from the first paycheck of each covered ~~employee's paycheck no later than 30 days after the covered employee's first day of employment~~ employee after the end of the covered employee's waiting period, unless the covered employee has elected not to contribute.

~~(b) Unless the board has approved a different rate or rates under section 187.05, subdivision 4, or a covered employee has elected a different contribution rate or not to contribute, the employee contribution rates and escalation schedule are:~~

~~(1) five percent of pay for the covered employee's first year of participation;~~

~~(2) six percent of pay for the covered employee's second year of participation;~~

~~(3) seven percent of pay for the covered employee's third year of participation; and~~

~~(4) eight percent of pay for the covered employee's fourth year of participation and each year thereafter.~~

(c) Paragraph (a) does not apply to a covered employer until the covered employer's enrollment window has opened. ~~No later than 30 days after~~ By the end of the enrollment window, the covered employer must have enrolled all covered employees~~, except for any covered employee who has elected not to contribute~~.

~~(d) The executive director must communicate annually by email or otherwise in writing to each covered employee:~~

~~(1) the annual limit on employee contributions to a traditional IRA and a Roth IRA in effect under section 408 and 408A, respectively, of the Internal Revenue Code; and~~

~~(2) notice that it is the responsibility of the covered employee to reduce the covered employee's contribution rate from the rate under paragraph (b) as necessary to stay within the limit under section 408 or section 408A of the Internal Revenue Code that is applicable to the covered employee and the type of IRA to which the contributions are being credited.~~

Sec. 12. Minnesota Statutes 2024, section 187.07, is amended by adding a subdivision to read:

Subd. 1a. **Default contribution rate and escalation schedule.** Unless the board has approved a different rate or rates under section 187.05, subdivision 4, or a covered employee has elected a different contribution rate or not to contribute, the employee contribution rates and escalation schedule are:

(1) five percent of pay for the covered employee's first year of participation;

(2) six percent of pay for the covered employee's second year of participation;

(3) seven percent of pay for the covered employee's third year of participation; and

(4) eight percent of pay for the covered employee's fourth year of participation and each year thereafter.

Sec. 13. Minnesota Statutes 2024, section 187.08, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The policy-making function of the program is vested in a board of directors consisting of seven members as follows:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee;

(2) the executive director of the State Board of Investment or the executive director's designee;

(3) three members with relevant experience chosen by the Legislative Commission on Pensions and Retirement~~, one from each of the following experience categories:~~;

~~(i) executive or operations manager with substantial experience in record keeping 401(k) plans;~~

~~(ii) executive or operations manager with substantial experience in individual retirement accounts; and~~

~~(iii) executive or other professional with substantial experience in retirement plan investments;~~

(4) a human resources or retirement benefits executive from a private company with substantial experience in administering the company's 401(k) plan, appointed by the governor; and

(5) a small business owner, a small business executive, or a nonprofit executive appointed by the governor.

Sec. 14. Minnesota Statutes 2024, section 187.08, subdivision 2, is amended to read:

Subd. 2. **Appointment.** (a) Members appointed by the governor must be appointed as provided in section 15.0597.

(b) The Legislative Commission on Pensions and Retirement is not required to consider a seat on the board as vacant if the incumbent provides notice to the chair of the board and executive director that the incumbent wishes to serve an additional term as permitted under subdivision 3. The executive director of the program must notify the secretary of state and the chair or executive director of the Legislative Commission on Pensions and Retirement that the incumbent wishes to serve an additional term. The secretary of state must not post a seat as vacant and accept applications if the chair of the board and the chair or executive director of the Legislative Commission on Pensions and Retirement accept the incumbent's request to serve an additional term.

Sec. 15. Minnesota Statutes 2025 Supplement, section 187.08, subdivision 3, is amended to read:

Subd. 3. **Membership terms.** (a) Board members serve for two-year terms, except:

(1) the executive directors of the Minnesota State Retirement System and the State Board of Investment serve indefinitely; and

(2) the initial term of the member who is an executive or other professional with substantial experience in retirement plan investments under subdivision 1, clause (3), ~~item (iii),~~ and the member who is a human resources executive under subdivision 1, clause (4), is three years.

(b) A board ~~members' terms may be renewed,~~ member may renew the member's term, but no member, other than the executive directors of the Minnesota State Retirement Systems and the State Board of Investment, may serve more than two consecutive terms. To serve an additional term, an incumbent must notify the chair of the board and the executive director that the incumbent wishes to serve an additional term.

Sec. 16. Minnesota Statutes 2024, section 187.08, subdivision 6, is amended to read:

Subd. 6. **Chair; quorum.** (a) The board ~~shall~~ must ~~select~~ elect a chair from among its members. The chair ~~shall serve~~ serves for a two-year term and may be reelected by the members for additional two-year terms. The board may select other officers as necessary to assist the board in performing the board's duties.

(b) A majority of the members, not including for this purpose any vacant member seat, constitutes a quorum. Approval of any item of board business is effective if approved by a simple majority vote of members present at a meeting.

Sec. 17. Minnesota Statutes 2024, section 187.08, subdivision 8, is amended to read:

Subd. 8. **Duties.** In addition to the duties set forth elsewhere in this chapter, the board has the following duties:

(1) to establish secure processes for enrolling covered employees in the program and for transmitting employee contributions to accounts in the trust;

(2) to prepare a budget and establish procedures for the payment of costs of administering and operating the program;

(3) to lease or otherwise procure equipment necessary to administer the program;

(4) to procure insurance in connection with the property of the program and the activities of the board, executive director, and other staff;

(5) to determine the following:

(i) any criteria for a covered employee other than employment with a covered employer under section 187.03, subdivision 5;

(ii) contribution rates and an escalation schedule under section 187.05, subdivision 4;

(iii) withdrawal and distribution options under section 187.05, subdivision 6; and

(iv) the default investment fund under section 187.06, subdivision 5;

(6) to keep annual administrative fees, costs, and expenses as low as possible:

(i) except that any administrative fee assessed against the accounts of covered employees may not exceed a reasonable amount relative to the fees charged by auto-IRA or defined contribution programs of similar size in the state of Minnesota or another state; and

(ii) the fee may be asset-based, flat fee, or a hybrid combination of asset-based and flat fee;

(7) to determine the eligibility of an employer, employee, or other individual to participate in the program and review and decide claims for benefits and make factual determinations;

~~(8) to prepare information regarding the program that is clear and concise for dissemination to all covered employees and includes the following:~~

~~(i) the benefits and risks associated with participating in the program;~~

~~(ii) procedures for enrolling in the program and opting out of the program, electing a different or zero percent employee contribution rate, making investment elections, applying for a distribution of employee accounts, and making a claim for benefits;~~

~~(iii) the federal and state income tax consequences of participating in the program, which may consist of or include the disclosure statement required to be distributed by retirement plan trustees or custodians under the Internal Revenue Code and the Treasury Regulations thereunder;~~

~~(iv) how to obtain additional information on the program; and~~

~~(v) disclaimers of covered employer and state responsibility, including the following statements:~~

~~(A) covered employees seeking financial, investment, or tax advice should contact their own advisors;~~

~~(B) neither a covered employer nor the state of Minnesota are liable for decisions covered employees make regarding their account in the program;~~

~~(C) neither a covered employer nor the state of Minnesota guarantees the accounts in the program or any particular investment rate of return; and~~

~~(D) neither a covered employer nor the state of Minnesota monitors or has an obligation to monitor any covered employee's eligibility under the Internal Revenue Code to make contributions to an account in the program, or whether the covered employee's contributions to an account in the program exceed the maximum permissible contribution under the Internal Revenue Code;~~

~~(9)~~ (8) to publish an annual ~~financial~~ report~~, prepared according to generally accepted accounting principles, on the operations of the program, which must include but not be limited to costs attributable to the use of outside consultants, independent contractors, and other persons who are not state employees~~ and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;

~~(10) to publish an annual report regarding plan outcomes, progress toward savings goals established by the board, statistics on the number of participants, participating employers, and~~

~~covered employees who have opted out of participation, plan expenses, estimated impact of the program on social safety net programs, and penalties and violations, and disciplinary actions for enforcement, and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;~~

~~(11)~~ (9) to file all reports required under the Internal Revenue Code or chapter 290;

~~(12)~~ (10) to, at the board's discretion, seek and accept gifts, grants, and donations to be used for the program, unless such gifts, grants, or donations would result in a conflict of interest relating to the solicitation of service provider for program administration, and deposit such gifts, grants, or donations in the Secure Choice administrative fund;

~~(13)~~ (11) to, at the board's discretion, seek and accept appropriations from the state or loans from the state or any agency of the state;

~~(14)~~ (12) to assess the feasibility of partnering with another state or a governmental subdivision of another state to administer the program through shared administrative resources and, if determined beneficial, enter into contracts, agreements, memoranda of understanding, or other arrangements with any other state or an agency or a subdivision of any other state to administer, operate, or manage any part of the program, which may include combining resources, investments, or administrative functions;

~~(15)~~ (13) to hire, retain, and terminate third-party service providers as the board deems necessary or desirable for the program, including but not limited to the trustees, consultants, investment managers or advisors, custodians, insurance companies, recordkeepers, administrators, consultants, actuaries, legal counsel, auditors, and other professionals, provided that each service provider is authorized to do business in the state;

~~(16)~~ (14) to interpret the program's governing documents and this chapter and make all other decisions necessary to administer the program;

~~(17)~~ (15) to conduct comprehensive employer and worker education and outreach regarding the program that reflect the cultures and languages of the state's diverse workforce population, which may, in the board's discretion, include collaboration with state and local government agencies, community-based and nonprofit organizations, foundations, vendors, and other entities deemed appropriate to develop and secure ongoing resources; and

~~(18)~~ (16) to prepare notices for delivery to covered employees regarding the escalation schedule and to each covered employee before the covered employee is subject to an automatic contribution increase.

Sec. 18. Minnesota Statutes 2025 Supplement, section 187.11, is amended to read:

**187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

(a) The board may enter into intergovernmental agreements with the commissioner of revenue, the commissioner of labor and industry, the commissioner of employment and economic development,

and any other state agency that the board deems necessary or appropriate to provide outreach, technical assistance, or compliance services. An agency that enters into an intergovernmental agreement with the board pursuant to this section must collaborate and cooperate with the board to provide the outreach, technical assistance, or compliance services under any such agreement. The board, executive director, and program staff must maintain the privacy of data obtained under any intergovernmental agreement if required under chapter 13.

(b) For purposes of section 268.19, subdivision 1, paragraph (a), clause (20), "assisting with communication with employers and to verify employer compliance with chapter 187" means providing the executive director with at least the following information for employers, to the extent available to the commissioner of employment and economic development:

(1) federal employer identification number;

(2) business name, address, mailing address, email address, and phone number;

(3) number of employees; and

(4) employer industry code.

(c) The commissioner of administration must ~~provide~~ assist the executive director in identifying and leasing suitable office space for the executive director and program staff in ~~the Capitol complex for the executive director and staff of the program~~ the city of St. Paul.

Sec. 19. Minnesota Statutes 2025 Supplement, section 187.12, subdivision 1, is amended to read:

Subdivision 1. **Failure to enroll covered employees ~~or distribute information.~~** ~~(a)~~ The board may assess penalties against a covered employer that fails to comply with section 187.07, subdivision 1 ~~or 3 or both subdivisions 1 and 3, beginning with the second anniversary of the date on which the covered employer was first required to comply with section 187.07, subdivision 1 or 3, as applicable.~~, paragraph (a), beginning with the second anniversary of the last day of the applicable enrollment window or fails to comply with section 187.07, subdivision 1, paragraph (b), beginning with the second anniversary of the first paycheck after a covered employee's waiting period, as follows:

~~(b) The board may assess the following penalties for a covered employer's failure to comply with section 187.07, subdivision 1 or 3:~~

(1) on the second anniversary, a penalty of $100 per covered employee, not to exceed $4,000;

(2) on the third anniversary, a penalty of $200 per covered employee, not to exceed $6,000;

(3) on the fourth anniversary, a penalty of $300 per covered employee; and

(4) on each anniversary after the fourth anniversary, a penalty of $500 per covered employee.

~~(c) If the covered employer fails to comply with section 187.07, subdivisions 1 and 3, the board must assess two times the penalties in paragraph (b).~~

~~(d) The date on which a covered employer is first required to comply with section 187.07, subdivision 1, is the following:~~

~~(1) for paragraph (a), on or before the 30th day after the first day of employment of a covered employee hired by the covered employer; and~~

~~(2) for paragraph (b), on or before the 30th day after the end of the enrollment window applicable to the covered employer.~~

~~(e) The date on which a covered employer is first required to comply with section 187.07, subdivision 3, is the following:~~

~~(1) for paragraph (a), for a newly hired covered employee, no later than 14 days after the covered employee's first day of employment; and~~

~~(2) for paragraph (b), no later than the 14th day prior to the date of the first paycheck from which employee contributions could be deducted for transmittal to the program.~~

Sec. 20. **[187.13] REQUIRED NOTICES.**

Subdivision 1. **Notice to covered employees upon enrollment.** (a) The board must disseminate a notice regarding the program that is clear and concise to all covered employees no later than seven days after a covered employee is enrolled by a covered employer.

(b) The information in the notice must include:

(1) the benefits and risks associated with participating in the program;

(2) procedures for enrolling in the program and opting out of the program, electing a different or zero percent employee contribution rate, making investment elections, applying for a distribution of employee accounts, and making a claim for benefits;

(3) the federal and state income tax consequences of participating in the program, which may consist of or include the disclosure statement required to be distributed by trustees or custodians under the Internal Revenue Code;

(4) how to obtain additional information on the program; and

(5) disclaimers of covered employer and state responsibility, including the following statements:

(i) a covered employee seeking financial, investment, or tax advice should contact the covered employee's advisors;

(ii) neither a covered employer nor the board, the program, or the state of Minnesota is liable for decisions a covered employee makes regarding the covered employee's account in the program;

(iii) neither a covered employer nor the state of Minnesota guarantees the accounts in the program or any particular investment rate of return; and

(iv) neither a covered employer nor the state of Minnesota monitors or has an obligation to monitor a covered employee's eligibility under the Internal Revenue Code to make contributions to an account in the program or whether the covered employee's contributions to an account in the program exceed the maximum permissible contribution under the Internal Revenue Code.

Subd. 2. **Annual notice to covered employees.** The executive director must communicate annually by email or other means in writing to each covered employee:

(1) the annual limit on employee contributions to a traditional IRA and a Roth IRA in effect under sections 408 and 408A of the Internal Revenue Code; and

(2) that it is the responsibility of the covered employee to reduce the covered employee's contribution rate from the rate under section 187.07, subdivision 1a, as necessary to stay within the limit under section 408 or 408A of the Internal Revenue Code that is applicable to the covered employee and the type of IRA to which the contributions are being credited.

Sec. 21. **[187.14] CONFIDENTIALITY OF DATA AND NONSOLICITATION.**

Subdivision 1. **Confidentiality of data.** Covered employee data, account owner data, account data, and data on beneficiaries of accounts are private data. The program, executive director, and program staff must not disclose private data on individuals, as defined in section 13.02, to anyone other than the covered employee, account owner, or beneficiary, except:

(1) pursuant to a court order;

(2) upon the written consent of the covered employee, account owner, beneficiary, or other person who provides the data or is the subject of the data; or

(3) to a third party with which the program has contracted to perform administrative or record-keeping functions, but only to the extent necessary to carry out the functions and subject to the requirements of this subdivision as if the third party were the program.

Subd. 2. **Nonsolicitation restriction.** Neither program staff nor a third-party administrator, record keeper, or any other vendor or consultant with which the program has contracted may solicit a covered employee, an account owner, or a beneficiary for any product or services not related to the program.

Sec. 22. **REPEALER.**

Minnesota Statutes 2025 Supplement, section 187.07, subdivision 3, is repealed.

Sec. 23. **EFFECTIVE DATE.**

Sections 1 to 22 are effective the day following final enactment.

## ARTICLE 10

## SUPPLEMENTAL PLANS

Section 1. Minnesota Statutes 2024, section 356.24, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation plan.** (a) As used in this section:

(1) "deferred compensation plan" means a plan that satisfies the requirements of this subdivision;

(2) "plan administrator" means the individual or entity defined as the plan administrator in the plan document for the Minnesota deferred compensation plan under section 352.965 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

(3) "vendor" means the provider of an annuity contract, custodial account, or retirement income account under a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code.

(b) The plan is:

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

(2) a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code; or

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

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

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

(1) a personnel policy of the public employer;

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

(3) an individual employment contract (i) between a city and a city manager or other management employee, or (ii) between a school district and a superintendent or other management employee.

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

(f) If the public employer makes matching contributions to the plan, the matching contributions must match, on a dollar for dollar basis, employee elective deferral contributions not to exceed the lesser of (1) the maximum authorized under the policy described in paragraph (d) that provides for enrollment in the plan or program, or (2) one-half of the annual limit on elective deferrals under section 402(g) of the Internal Revenue Code. In lieu of or in addition to matching an employee's elective deferral contributions, the public employer may make employer matching contributions on

behalf of an employee on account of qualified student loan payments, as defined in the Secure 2.0 Act of 2022, Public Law 117-328 (December 29, 2022), Division T, section 110, paragraph (b), and any regulations adopted thereunder. The employer matching contributions on account of an employee's qualified student loan payments plus any employer matching contributions that match an employee's elective deferral contributions must not exceed, for the year, the lesser of (1) the maximum authorized under the policy described in paragraph (d) that provides for enrollment in the plan or program, (2) one-half of the annual limit on elective deferrals under section 402(g) of the Internal Revenue Code, or (3) the employee's compensation for the year.

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

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

## ARTICLE 11

## HEALTH CARE SAVINGS PLAN

Section 1. Minnesota Statutes 2024, section 352.98, subdivision 3, is amended to read:

Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a personnel policy ~~or in a~~, collective bargaining agreement, participation plan, or resolution of the governing body of a public employer or political subdivision.

(b) The executive director may offer different types of trusts permitted under the Internal Revenue Code to best meet the needs of different employer units.

~~(b)~~ (c) Contributions to the plan by or on behalf of the participant must be held in trust for reimbursement of eligible health-related expenses for participants and their dependents following termination from public employment or in other circumstances set forth in the plan document. The executive director shall maintain a separate account of the contributions made by or on behalf of each participant and the earnings thereon. The executive director shall make available a limited range of investment options, and each participant may direct the investment of the accumulations in the participant's account among the investment options made available by the executive director.

~~(c)~~ (d) This section does not obligate a public employer to meet and negotiate in good faith with the exclusive bargaining representative of any public employee group regarding an employer contribution to a postretirement or active employee health care savings plan authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent of the legislature to authorize the state to incur new funding obligations for the costs of retiree health care or the costs of administering retiree health care plans or accounts.

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

## ARTICLE 12

## WORK GROUPS

Section 1. **WORK GROUP ON VESTING AND EMERGENCY MEDICAL PROVIDERS IN FIREFIGHTER RELIEF ASSOCIATIONS AND THE STATEWIDE VOLUNTEER FIREFIGHTER PLAN.**

Subdivision 1. **Work group established; purpose.** The executive director of the Legislative Commission on Pensions and Retirement (commission executive director) must convene a work group for the purpose of recommending legislation that would:

(1) shorten the vesting schedule for firefighter relief associations to a maximum of ten years;

(2) require that firefighter relief associations include volunteer or paid on-call emergency medical providers as members on the same basis as volunteer or paid on-call firefighters; and

(3) make the same changes to the PERA Statewide Volunteer Firefighter Plan (SVF) as are recommended for firefighter relief associations.

Subd. 2. **Membership.** (a) The members of the work group are the following:

(1) a representative from the Minnesota Association of Townships;

(2) a representative from the Minnesota Association of Small Cities;

(3) a representative from the League of Minnesota Cities;

(4) a representative from the Minnesota State Fire Chiefs Association;

(5) a representative from the Minnesota State Fire Departments Association;

(6) a representative of the Office of Emergency Medical Services, designated by the director of the Office of Emergency Medical Services;

(7) a representative of the Office of the State Auditor, designated by the state auditor; and

(8) the executive director of the Public Employees Retirement Association, or the executive director's designee.

(b) The commission executive director may invite others, including the commission's actuary, to participate in one or more meetings of the work group.

(c) The organizations and agencies specified in paragraph (a) must provide the commission executive director with the names and contact information for the representatives who will serve on the work group by June 12, 2026.

Subd. 3. **Mandate.** In arriving at the work group's recommendations, the work group must determine and consider:

(1) whether shortening vesting schedules has any impact on a relief association or SVF fire department's liabilities or funded status and, if so, what options are available to lessen the impact;

(2) any studies or data supporting or critical of the premise that longer vesting schedules aid retention or recruitment;

(3) how many fire departments, whether affiliated with a relief association or participating in the SVF, have emergency medical providers who solely perform that function, how many of these emergency medical providers are in each fire department, and the funded status of the affiliated relief association or SVF account;

(4) the basis, if any, for excluding emergency medical providers from firefighter relief associations and the SVF;

(5) the cost of requiring past service credit be provided to emergency medical providers when the providers become members of relief associations that are defined benefit plans or the SVF defined benefit plan and options for providing past service credit (that is, as far back as a provider has active service in the fire department or back to 2019);

(6) whether the chronic overfunding in relief associations and the SVF can be expected to cover any liabilities under clause (1) or costs under clause (3) and what options are available for relief associations or fire department accounts in the SVF that are not overfunded;

(7) options for phasing in the shorter vesting schedules and requiring coverage of and past service credit for emergency medical providers; and

(8) any other issues related to vesting and eligibility that merit discussion by the work group and inclusion in the recommendations.

Subd. 4. **Recommendations; proposed legislation.** (a) With the assistance of the commission executive director, the work group must prepare proposed legislation that implements the recommendations of the work group. If the work group recommends more than one approach, the work group must provide alternative bills.

(b) The commission executive director must submit the recommendations of the work group, along with proposed legislation that implements the recommendations, to the Legislative Commission on Pensions and Retirement by January 29, 2027, or, if later, the date all members of the commission have been appointed for the 2027-2028 biennium.

Subd. 5. **Meetings; chair; administrative support.** (a) The commission executive director must convene the first meeting of the work group by July 27, 2026.

(b) The members of the work group must elect a chair or co-chairs at the first meeting. The chair or co-chair is not required to be a member of the work group.

(c) Meetings may be conducted remotely or in person or a combination of remotely and in person.

(d) Commission staff must provide meeting space, if needed, and administrative support to the chair or co-chairs of the work group.

Subd. 6. **Compensation; lobbying; retaliation.** (a) Members of the work group serve without compensation.

(b) Participation in the work group is not lobbying under Minnesota Statutes, chapter 10A.

(c) An individual's employer or an organization or association of which an individual is a member must not retaliate against the individual because of the individual's participation in the work group.

Subd. 7. **Expiration.** The work group expires June 30, 2027.

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

Sec. 2. **WORK GROUP ON DUTY DISABILITY AND THE PUBLIC SAFETY OFFICER'S BENEFIT ACCOUNT.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commission" means the Legislative Commission on Pensions and Retirement.

(c) "Executive director" means the executive director of the commission.

(d) "LCPR account" means the account established in the Legislative Coordinating Commission that contains $26,694, as of April 1, 2026, and was funded in fiscal year 2024 with a $100,000 appropriation to the Legislative Coordinating Commission for the Legislative Commission on Pensions and Retirement pursuant to Laws 2023, chapter 45, article 6, section 3.

(e) "Maximum benefit" means the duty disability benefit under Minnesota Statutes, section 353.656, or the employer's cost to provide the health insurance coverage under Minnesota Statutes, section 299A.465.

(f) "Police and fire plan" means the public employees police and fire plan administered by the Public Employees Retirement Association.

(g) "Public safety officer's benefit account" means the account established under Minnesota Statutes, section 299A.42.

(h) "VA disability schedule" means the schedule for rating disabilities under Code of Federal Regulations, title 38, part 4, published by the Veterans Affairs Department and most recently amended on March 20, 2024.

Subd. 2. **Need for a work group.** The commission has identified the following reasons for establishing a work group:

(1) the public safety officer's benefit account is anticipated to be depleted by 2028 based on information provided by the Department of Management and Budget;

(2) the rate of approval by the Public Employees Retirement Association of duty disability applications is approximately 100 percent;

(3) since only one annual report has been filed by the commissioner of public safety under Minnesota Statutes, section 299A.42, subdivision 2, and the report contains minimal information on reimbursements in the categories for treatment, salary, fringe benefits, and health care insurance, the commission is unable to use this report to determine trends, per-member reimbursements, or related information;

(4) waiting until May 20, 2027, to receive the report from the executive director of the Public Employees Retirement Association under Minnesota Statutes, section 353.032, subdivision 11, regarding the impact on public safety duty disability trends and costs is too late to allow for a legislative solution if trends indicate psychological condition treatment is not resulting in police and fire plan members being able to return to work rather than take a leave of absence for duty disability;

(5) minimal information is available regarding whether police officers and firefighters who retire under the police and fire plan before age 65 are able to obtain health insurance coverage at a reasonable cost until age 65 when Medicare is available and whether there are options available to the police officers and firefighters to obtain adequate coverage;

(6) there has been an increase of over 100 percent in the cost of duty disability benefits as reflected in the change between the 2024 actuarial valuation of the police and fire plan and the 2025 actuarial valuation and the effect of this increase on the overall health of the police and fire plan; and

(7) to determine how to formulate solutions to the reasons in clauses (1) to (6), legislators and other decision makers need a better understanding of the interaction of workers' compensation, the availability and cost of health insurance coverage upon retirement or reemployment, the application process for and amount of duty disability benefits, the ability of public employers to continue to offer health insurance coverage to duty-disabled and retired employees, and the federally provided benefits for public safety officers.

Subd. 3. **Work group established; purpose.** The executive director must convene a work group for the purpose of recommending legislation that would:

(1) reform duty disability for members of the police and fire plan; and

(2) ensure that members of the police and fire plan who become duty disabled or retire have access to affordable health insurance coverage until Medicare eligibility.

Subd. 4. **Membership.** (a) The members of the work group are the following:

(1) one representative from the Minnesota Police and Peace Officers Association;

(2) one representative from the Minnesota Professional Fire Fighters Association;

(3) one representative from Law Enforcement Labor Services;

(4) one representative from the League of Minnesota Cities;

(5) one representative from the Association of Minnesota Counties;

(6) one representative from the Minnesota Inter-County Association;

(7) one representative from the Coalition of Greater Minnesota Cities;

(8) one representative from the Minnesota Chiefs of Police Association;

(9) one representative from the Minnesota State Fire Chiefs Association;

(10) one representative from the Minnesota Sheriffs' Association;

(11) the executive director of the Public Employees Retirement Association or the executive director's designee;

(12) the commissioner of public safety or the commissioner's designee;

(13) the commissioner of labor and industry or the commissioner's designee;

(14) the assistant commissioner of the Workers' Compensation Division of the Department of Labor and Industry or the assistant commissioner's designee;

(15) one designee of the commissioner of management and budget with expertise in the public employees insurance program and the state employee group insurance program; and

(16) legislators who are members of the commission and who commit to attending most meetings of the work group.

(b) Each of the organizations or agencies specified in paragraph (a) may designate an alternate who is entitled to participate in meetings of the work group along with the designated representative. The co-chairs may establish rules regarding the participation of alternates in meetings as necessary to ensure that all representatives have the opportunity to speak.

(c) The executive director may invite others to participate in one or more meetings of the work group.

(d) Each organization and agency specified in paragraph (a) must provide the executive director with the names and contact information for the representative and alternate who will serve on the work group by June 19, 2026. Legislators who wish to serve on the work group must notify the executive director by June 19, 2026.

Subd. 5. **Mandate.** (a) Legislation recommended by the work group must address each topic in paragraphs (b) to (h), or the work group must explain in an accompanying report the consideration given to the topic and the reasons the legislation does not address the topic.

(b) Benefit adequacy. The work group must address the adequacy of the retirement, medical, and other welfare-related benefits to disabled members of the P&F plan with the objective of establishing a comprehensive package of benefits.

(c) Funding of the public safety officer's benefit account. To fund the public safety officer's benefit account established under Minnesota Statutes, section 299A.42, the work group must recommend options, including but not limited to:

(1) requiring members of the police and fire plan to contribute a percentage of pay on a pre-tax basis to the account;

(2) requiring the Department of Public Safety to reimburse public employers under Minnesota Statutes, section 299A.465, subdivision 4, if there is not sufficient money in the account to satisfy all requests for reimbursement;

(3) securing permanent funding for the account; and

(4) requiring the State Board of Investment to invest the account and credit the account with investment earnings and losses.

(d) Affordable retiree health insurance coverage. To ensure affordable options for providing health insurance coverage are available to retirees under the police and fire plan during retirement, to age 65, the work group must recommend options, including but not limited to:

(1) allowing members of the police and fire plan during employment to contribute to an account on a pre-tax basis to pay premiums, co-pays, and other costs of medical care during retirement; and

(2) allowing retirees to be covered by the state employee group insurance program from retirement to age 65.

(e) Duty disability definition, assessment, and process reform. To restructure the procedures for assessing duty disability under the police and fire plan and continued health insurance coverage during the period of disability, the work group must recommend options, including but not limited to:

(1) revising the definition of "duty disability" as defined in Minnesota Statutes, section 353.01, subdivision 41, as necessary to be consistent with this paragraph;

(2) assessing the potential for fraudulent applications for duty disability benefits and implementing measures that can be implemented to detect fraud;

(3) requiring that duty disability applications be assessed by referring to the VA disability schedule, which indicates the extent to which a disability impairs a member's ability to perform the functions of the member's employment position, such that the percentage derived from the VA disability schedule would be applied to both maximum benefits and the resulting benefits are the duty disability and health insurance continuation benefits to which the member is entitled;

(4) requiring the decision on whether a member has a duty disability be based on a medical assessment from a medical professional who is not treating the member for the disability; and

(5) the establishment of a duty disability review board to consider and determine eligibility for duty disability benefits and continued health insurance coverage consisting of one representative appointed by each of the following organizations:

(i) Minnesota Chiefs of Police Association;

(ii) Minnesota State Fire Chiefs Association;

(iii) Minnesota Sheriffs' Association;

(iv) Minnesota Police and Peace Officers Association;

(v) Minnesota Professional Fire Fighters Association;

(vi) Law Enforcement Labor Services;

(vii) League of Minnesota Cities;

(viii) Association of Minnesota Counties;

(ix) Minnesota Board of Psychology; and

(x) Minnesota Board of Medical Practice.

The work group must provide a governance structure for the duty disability review board, including its leadership, meeting schedule, voting and procedural rules, and a process for reviewing cases and determine the review board's relationship to the Public Employees Retirement Association, including the association's transfer of application and supporting documentation to the review board on a confidential basis.

(f) Report assessment. The work group must consider the following reports and address key considerations, challenges, recommendations, and shortcomings identified in the reports in the legislation recommended by the work group:

(1) "Adequacy of Disability Benefits for Minnesota Police Officers: Final Report," January 2023, prepared by numerous authors and presented to the Department of Labor and Industry; and

(2) "Evaluating PTSD claims in Minnesota's workers' compensation system: Findings and recommendations," October 2025, prepared by numerous authors in collaboration with the Department of Labor and Industry.

(g) Psychological treatment assessment. The work group must assess the success of the psychological condition treatment required under Minnesota Statutes, section 353.032, in returning members of the police and fire plan to the workforce and whether the requirement should be repealed in favor of other treatment options that are likely to have more success. Options include but are not limited to contracting with resident treatment programs, such as the IAFF Center of Excellence for Behavioral Health Treatment and Recovery.

(h) Department of Public Safety reporting. The work group must assess the required reporting by the commissioner of public safety under Minnesota Statutes, section 299A.42, subdivision 2, and provide more specificity regarding the information that must be reported and penalties if information is not reported by the due date in section 299A.42, subdivision 2.

Subd. 6. **Timely response by agencies.** Upon the request of a co-chair of the work group or the executive director, the commissioner of public safety, labor and industry, or management and budget, or the executive director of the Public Employees Retirement Association, as applicable, must promptly furnish the work group with any data requested as the work group determines is necessary to fulfill its purpose.

Subd. 7. **Retention of experts.** (a) The executive director, working with the co-chairs of the work group, may retain the services of experts, including attorneys and consultants, to advise the work group on topics on which no state agency personnel have expertise, including but not limited to tax-deferred options for setting aside compensation to pay for health insurance coverage during periods of duty disability or retirement and the application of the VA disability schedule to injuries and illness.

(b) With the consent of the chair, vice chair, or secretary of the commission, the executive director may pay for the services of experts under paragraph (a) with money in the LPCR account.

Subd. 8. **Recommendations; proposed legislation.** (a) With the assistance of the executive director, the work group must prepare proposed legislation that implements the recommendations of the work group. If the work group recommends more than one approach, the work group must provide alternative legislation.

(b) The executive director must submit the recommendations of the work group, along with proposed legislation that implements the recommendations, to the commission by March 1, 2027, or the date all members of the commission have been appointed for the 2027-2028 biennium, whichever is later.

Subd. 9. **Meetings; chair; administrative support.** (a) The executive director must convene the first meeting of the work group by June 30, 2026.

(b) The members of the work group must elect two co-chairs at the first meeting. The co-chairs are not required to be members of the work group.

(c) Meetings may be conducted remotely or in person or a combination of remotely and in person.

(d) Commission staff must provide meeting space, if needed, and administrative support to the co-chairs of the work group.

Subd. 10. **Compensation; lobbying; retaliation.** (a) Members of the work group serve without compensation.

(b) Participation in the work group is not lobbying under Minnesota Statutes, chapter 10A.

(c) An individual's employer or an organization or association of which an individual is a member must not retaliate against the individual because of the individual's participation in the work group.

Subd. 11. **Expiration.** The work group expires June 30, 2028.

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

Sec. 3. **AUTHORIZING USE OF MONEY IN THE LCPR ACCOUNT.**

(a) For purposes of this section, the terms used in section 1 have the same meaning when the terms are used in this section and "work group" means the work group established under section 1.

(b) The LCPR account may be used:

(1) for independent actuarial cost assessments for the commission; and

(2) with the consent of the chair, vice chair, or secretary of the commission, to pay costs incurred by the executive director, on behalf of the commission, to retain experts, including attorneys and consultants, to advise the work group on topics on which no state agency personnel have expertise, including but not limited to tax-deferred options for setting aside compensation to pay for health insurance coverage during periods of duty disability or retirement and the application of the VA disability schedule to injuries and illness based on which a member of the P&F plan has applied for duty disability benefits.

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

## ARTICLE 13

## SPECIAL LEGISLATION

Section 1. **MISSING IRAP ACCOUNT OF AN ELIGIBLE PERSON.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Board of trustees" has the meaning given in Minnesota Statutes, section 354B.20, subdivision 11.

(c) "IRAP" means the higher education individual retirement account plan established by Minnesota Statutes, chapter 354B.

(d) "MN State" means Minnesota State Colleges and Universities.

Subd. 2. **Location of IRAP account required.** (a) Notwithstanding any state law to the contrary, MN State must locate the IRAP account of the eligible person described in paragraph (b) to which contributions deducted from the eligible person's pay in 1991 through 1994 were deposited or pay the eligible person an amount of $30,000.

(b) The eligible person is a person who:

(1) was employed by Winona State University from July 1, 1991, to June 30, 1996; and

(2) has copies of pay stubs showing payroll deduction contributions to the IRAP dated December 27, 1991; March 20, 1992; August 21, 1992; March 5, 1993; and April 16, 1993; in amounts of $18.72 or $19.93, which must be considered as adequate proof that payroll deduction contributions were taken each pay period beginning September 3, 1991, to October 31, 1994, for deposit into the eligible person's IRAP account.

(c) No later than 60 days after the effective date of this section, the board of trustees must either:

(1) locate the eligible person's IRAP account to which payroll deduction contributions were deposited and provide the eligible person with information regarding the individual or entity holding the IRAP account, an accounting of the amounts contributed and investment earnings thereon, and instructions on how the eligible person can access the account; or

(2) pay the eligible person an amount equal to $30,000.

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

Sec. 2. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION GENERAL EMPLOYEES RETIREMENT PLAN; SERVICE CREDIT PURCHASE BY AN ELIGIBLE EMPLOYEE.**

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

(1) "city" means the city of Minneapolis;

(2) "executive director" means the executive director of the Public Employees Retirement Association;

(3) "fund" means the general employees retirement fund administered by the Public Employees Retirement Association; and

(4) "general plan" means the general employees retirement plan of the Public Employees Retirement Association.

Subd. 2. **Authorization.** (a) Notwithstanding any state law to the contrary, an eligible person described in subdivision 3 is entitled to:

(1) have the city pay the amount required under subdivision 5, paragraph (a), on the eligible person's behalf; and

(2) upon the city making the payments required under subdivision 5, paragraphs (a) and (b), receive credit for allowable service in the general plan for the periods of service described in subdivision 4.

(b) Upon receiving the payments described in subdivision 5, the executive director must credit the eligible person with allowable service for the periods of service described in subdivision 4.

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

(1) was initially employed by the city on April 26, 2016, in the fleet services division of the public works department;

(2) received salary for periods of employment with the city that occurred beginning May 29, 2016, through November 4, 2022, and during portions of those periods of employment the city failed to deduct employee contributions and make employer contributions as required by Minnesota Statutes, section 353.27; and

(3) terminated employment with the city on November 4, 2022.

Subd. 4. **Periods of uncredited prior service.** The periods of uncredited prior service available for purchase are:

(1) May 29, 2016, through October 15, 2016;

(2) April 11, 2017, through October 10, 2017; and

(3) April 27, 2018, through November, 24, 2018.

Subd. 5. **Payment by employer.** (a) On behalf of the eligible person, the city must pay to the fund an amount equal to the total amount of employee contributions that would have been deducted from the eligible person's salary and paid to the fund based on the eligible person's salary for each period of employment described in subdivision 4, plus interest compounded annually at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 3, from the date each employee contribution deduction should have been paid until the date the payment is made.

(b) The city must pay to the fund an amount equal to the total amount of employer contributions that the city would have made to the fund based on the eligible person's salary for each period of employment described in subdivision 4, plus interest compounded annually at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 3, from the date each employer contribution should have been paid until the date the payment is made.

(c) The executive director must determine the amount of the payments required under paragraphs (a) and (b) and notify the city and the eligible person regarding the amount and the basis for determining the amount.

(d) The city must make the payments required under paragraphs (a) and (b) in a lump sum no later than 60 days after the date on which the executive director notifies the city under paragraph (c).

Subd. 6. **Collection of unpaid amounts.** If the city fails to make all of the payments required by subdivision 5, the executive director must follow the procedures in Minnesota Statutes, section 353.28, subdivision 6, to collect the amount not paid.

**EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective upon approval by the Minneapolis City Council and compliance with Minnesota Statutes, section 645.021.

## ARTICLE 14

## STATE BOARD OF INVESTMENT

Section 1. Minnesota Statutes 2025 Supplement, section 11A.04, is amended to read:

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

The state board shall:

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

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the state board must allow fund beneficiaries and members of the public to

become informed of proposed board actions. Procedures and policies of the state board are not subject to the Administrative Procedure Act.

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

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

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

(6) Maintain a record of its proceedings.

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

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

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

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

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

(12) Except as otherwise provided in article XI, section 8, of the Constitution of the state of Minnesota, ~~employ~~ retain, at its discretion, qualified ~~private~~ external firms to invest ~~and~~, manage, or provide services with respect to the assets of funds over which the state board has investment management responsibility. ~~There is annually appropriated to the state board, from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs of employing private firms. Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment~~ The state board must include in the report required under section 11A.07, subdivision 4, clause (8), the management fees paid under this clause and the performance of each investment manager ~~employed~~ retained by the state board.

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

(14) Adopt a compensation plan setting the terms and conditions of employment for unclassified employees of the state board pursuant to section 43A.18, subdivision 3b.

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

There is annually appropriated to the state board, from the assets of the funds for which the state board provides investment services, sums sufficient to pay the ~~costs of all necessary~~ expenses ~~for the administration~~ of the state board, including any fees or expenses charged by advisors, consultants, or external firms. These sums will be deposited in the State Board of Investment operating account, which must be established by the commissioner of management and budget in the special revenue fund.

Sec. 2. Minnesota Statutes 2025 Supplement, section 11A.07, subdivision 4, is amended to read:

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

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

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

(3) employ professional and clerical staff as necessary;

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

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

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

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

(8) prepare and file with the director of the Legislative Reference Library a report summarizing the activities of the state board, the council, and the executive director during the preceding fiscal year;

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

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

(11) with respect to any fund for which the state board provides investment services, modify the billing procedure or apportionment of expenses under subdivision 5 to the extent the executive director determines is appropriate or necessary, with any such modification consistent with the applicable duties in this chapter and section 356A.04;

~~(11)~~ (12) receive and expend legislative appropriations; and

~~(12)~~ (13) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

Sec. 3. Minnesota Statutes 2024, section 11A.07, subdivision 5, is amended to read:

Subd. 5. **Apportionment of expenses.** (a) The annual expenses incurred by the ~~State Board of Investment will~~ state board, including any fees or expenses charged by advisors, consultants, or external firms, must be apportioned among ~~the state general fund, the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association, and~~ all ~~other~~ funds ~~as follows:~~ for which the state board provides investment services, in accordance with this subdivision. There is annually appropriated to the state board, from the assets of all funds for which the state board provides investment services, sums sufficient to pay the apportioned expenses. These sums must be deposited in the State Board of Investment operating account, which must be established by the commissioner of management and budget in the special revenue fund. Those sums must be apportioned as follows:

~~(1) on a biennial basis, the State Board of Investment, in accordance with biennial budget procedures established by the commissioner of management and budget, may request a direct appropriation that represents the portion of the State Board of Investment expenses necessary to provide investment services to the state general fund. This appropriation must be deposited in the State Board of Investment operating account;~~

~~(2)~~ (1) the executive director shall first apportion ~~the actual~~ expenses allocable solely to a specific fund or in the case of multiple funds, among the funds proportionally based on weighted average assets under management during the fiscal year; and

(2) next, the executive director shall apportion the expenses incurred by the ~~State Board of Investment~~ state board, less the ~~charge to the state general fund~~ charges apportioned under clause (1) and accounting for any modification made pursuant to subdivision 4, clause (11), among the funds ~~whose assets are invested by the State Board of Investment, with the exception of the state general fund,~~ for which the state board provides investment services, with such expenses allocated proportionally based on the weighted average assets under management during the fiscal year. ~~The amounts necessary to pay these charges are apportioned from the investment earnings of each fund. Receipts must be credited to the State Board of Investment operating account;~~

~~(3)~~ (b) The ~~actual~~ expenses apportioned and charged to the funds under paragraph (a), with the exception of ~~the state general fund and~~ the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association, must be calculated, billed, and paid at least on a quarterly basis in accordance with procedures for interdepartmental payments established by the commissioner of management and budget~~; and~~. Sums received to pay the expenses must be deposited in the operating account under section 11A.04.

~~(4)~~ (c) The annual estimated expenses to be incurred by the ~~State Board of Investment~~ state board that will be payable by the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association must be deposited in the State Board of Investment operating account under section 11A.04 on or about the first business day of each fiscal year. A reconciliation of the ~~actual~~ expenses allocable to each

retirement fund compared to the applicable estimated ~~costs~~ expenses must occur at least annually at the end of ~~each~~ the fiscal year ~~with any surplus or~~. Any deficit ~~being credited or debited to each of the respective funds. The State Board of Investment must present a statement of accrued actual~~ determined by such reconciliation is due and payable to the State Board of Investment operating account promptly upon notice of the amount due. Any fiscal year-end surplus may, at the executive director's discretion, be retained in the operating account and credited against the following fiscal year's estimated expenses ~~to~~ of each respective retirement fund ~~at the end of each quarter during each fiscal year~~. The executive director must refund to the respective retirement fund any portion of any surplus not credited against the following fiscal year's estimated expenses.

Sec. 4. Laws 2025, chapter 39, article 1, section 8, is amended to read:

| | | | | |
|---|---|---|---|---|
| | | | | ~~139,000~~ |
| Sec. 8. **STATE BOARD OF INVESTMENT** | **$** | **139,000** | **$** | **-0-** |

## ARTICLE 15

## ADMINISTRATIVE, TECHNICAL, AND CONFORMING CHANGES RELATED TO VOLUNTEER AND PAID ON-CALL FIREFIGHTERS

Section 1. Minnesota Statutes 2024, section 6.496, is amended to read:

**6.496 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; STATE BOARD OF INVESTMENT OPTIONS.**

(a) Annually, on or before March 1, the state auditor shall provide all ~~volunteer~~ firefighter relief associations with recent and historic investment performance results of the various accounts of the Minnesota supplemental investment fund and information on the process and procedures for a ~~firefighters~~ firefighter relief association to utilize the Minnesota supplemental investment fund as an investment option.

(b) Annually, on or before March 1, the state auditor shall provide all ~~volunteer~~ firefighter relief associations with basic information on the statewide ~~lump-sum~~ volunteer firefighter plan, that a fire department has the option annually to join the retirement plan, and that, if the fire department joins the retirement plan, future asset investments would be the responsibility of the State Board of Investment.

(c) The information provision required by paragraphs (a) and (b) may be provided in an electronic or other format if the state auditor determines that the format is reasonably accessible by a preponderance of ~~volunteer~~ firefighter relief associations.

Sec. 2. Minnesota Statutes 2024, section 11A.17, subdivision 1, is amended to read:

Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the supplemental investment fund is to provide an investment vehicle for the assets of various public retirement plans and funds.

(b) The state board shall determine and make available investment accounts within the supplemental investment fund. These accounts shall include an appropriate array of diversified investment options for participants of the public retirement plans under subdivision 5.

(c) The assets of the supplemental investment fund must be invested by the state board in types of investments permitted under section 11A.24.

(d) The state board shall make available a volunteer firefighter account for the statewide ~~lump-sum~~ volunteer firefighter plan under section 353G.02.

Sec. 3. Minnesota Statutes 2024, section 144F.01, subdivision 2, is amended to read:

Subd. 2. **Authority to establish.** (a) Two or more political subdivisions may establish, by resolution of their governing bodies, a special taxing district to provide fire protection or emergency medical services, or both, in the area of the district, comprising the jurisdiction of each of the political subdivisions forming the district. For a county that participates in establishing a district, the county's jurisdiction comprises the unorganized territory of the county that it designated in its resolution for inclusion in the district. The area of the special taxing district need not be contiguous or its boundaries continuous.

(b) Before establishing a district under this section, the participating political subdivisions must enter into an agreement that specifies how any liabilities, other than debt issued under subdivision 6, and assets of the district will be distributed if the district is dissolved. The agreement may also include other terms, including a method for apportioning the levy of the district among participating political subdivisions under subdivision 4, paragraph (b), as the political subdivisions determine appropriate. The agreement must be adopted no later than upon passage of the resolution establishing the district under paragraph (a), but may be later amended by agreement of each of the political subdivisions participating in the district.

(c) If two or more political subdivisions that currently operate separate fire departments seek to merge fire departments into one fire department, or if a political subdivision with an existing fire department requests to join a special taxing district with an established fire department, the resolution under paragraph (a) or agreement under paragraph (b) must specify which, if any, ~~volunteer~~ firefighter ~~pension plan~~ relief association or account in the statewide volunteer firefighter plan is associated with the district. A special taxing district that operates a fire department under this section may be associated with only one ~~firefighters~~ firefighter relief association or one account in the statewide volunteer firefighter plan at one time.

(d) If the special taxing district includes the operation of a fire department, it must file its resolution establishing the fire protection special taxing district, and any agreements required for the establishment of the special taxing district, with the commissioner of revenue, including any subsequent amendments. If the resolution or agreement does not include sufficient information defining the fire department service area of the fire protection special taxing district, the secretary of the district board must file a written statement with the commissioner defining the fire department service area.

Sec. 4. Minnesota Statutes 2025 Supplement, section 151.37, subdivision 12, is amended to read:

Subd. 12. **Administration of opiate antagonists for drug overdose.** (a) A licensed physician, a licensed advanced practice registered nurse authorized to prescribe drugs pursuant to section 148.235, or a licensed physician assistant may authorize the following individuals to administer opiate antagonists, as defined in section 604A.04, subdivision 1:

(1) an emergency medical responder registered pursuant to section 144E.27;

(2) a peace officer as defined in section 626.84, subdivision 1, paragraphs (c) and (d);

(3) correctional employees of a state or local political subdivision;

(4) staff of community-based health disease prevention or social service programs;

(5) a volunteer or paid on-call firefighter;

(6) a nurse or any other personnel employed by, or under contract with, a postsecondary institution or a charter, public, or private school; and

(7) transit rider investment program personnel authorized under section 473.4075.

(b) For the purposes of this subdivision, opiate antagonists may be administered by one of these individuals only if:

(1) the licensed physician, licensed physician assistant, or licensed advanced practice registered nurse has issued a standing order to, or entered into a protocol with, the individual; and

(2) the individual has training in the recognition of signs of opiate overdose and the use of opiate antagonists as part of the emergency response to opiate overdose.

(c) Nothing in this section prohibits the possession and administration of naloxone pursuant to section 604A.04.

(d) Notwithstanding section 148.235, subdivisions 8 and 9, a licensed practical nurse is authorized to possess and administer according to this subdivision an opiate antagonist in a school setting.

Sec. 5. Minnesota Statutes 2025 Supplement, section 181.101, is amended to read:

**181.101 WAGES; HOW OFTEN PAID.**

(a) Except as provided in paragraph (b), every employer must pay all wages, including salary, earnings, and gratuities earned by an employee at least once every 31 days and all commissions earned by an employee at least once every three months, on a regular payday designated in advance by the employer regardless of whether the employee requests payment at longer intervals. Unless paid earlier, the wages earned during the first half of the first 31-day pay period become due on the first regular payday following the first day of work. If wages or commissions earned are not paid, the commissioner of labor and industry or the commissioner's representative may serve a demand for payment on behalf of an employee. In addition to other remedies under section 177.27, if payment of wages is not made within ten days of service of the demand, the commissioner may charge and collect the wages earned at the employee's rate or rates of pay or at the rate or rates required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater, and a penalty in the amount of the employee's average daily earnings at the same rate or rates for each day beyond the ten-day limit following the demand. If payment of commissions is not made within ten days of service of the demand, the commissioner may charge and collect the commissions earned and a penalty equal to 1/15 of the commissions earned but unpaid for each day beyond the ten-day limit. Money collected

by the commissioner must be paid to the employee concerned. This section does not prevent an employee from prosecuting a claim for wages. This section does not prevent a school district, other public school entity, or other school, as defined under section 120A.22, from paying any wages earned by its employees during a school year on regular paydays in the manner provided by an applicable contract or collective bargaining agreement, or a personnel policy adopted by the governing board. For purposes of this section, "employee" includes a person who performs agricultural labor as defined in section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an employee works. This section provides a substantive right for employees to the payment of wages, including salary, earnings, and gratuities, as well as commissions, in addition to the right to be paid at certain times.

(b) An employer of a ~~volunteer or~~ paid on-call firefighter, as defined in section 424A.001, subdivision ~~10~~ 10a, a member of an organized first responder squad that is formally recognized by a political subdivision in the state, or a volunteer ambulance driver or attendant must pay all wages earned by the ~~volunteer~~ paid on-call firefighter, first responder, or volunteer ambulance driver or attendant at least once every 31 days, unless the employer and the employee mutually agree upon payment at longer intervals.

Sec. 6. Minnesota Statutes 2024, section 299K.03, subdivision 3, is amended to read:

Subd. 3. **Appointed members.** (a) The governor shall appoint 18 additional members to the commission.

(b) The 18 appointed members must include one representative each of fire chiefs, professional firefighters, volunteer or paid on-call firefighters, fire marshals, law enforcement personnel, emergency medical personnel, health professionals, wastewater treatment operators, labor, emergency managers, and local elected officials, three representatives of community groups or the public, and four representatives from business and industry, at least one of whom must represent small business.

(c) At least four of the appointed members must reside outside the metropolitan area, as defined in section 473.121, subdivision 2.

(d) The appointed members must be appointed, serve, and be compensated in the manner provided in section 15.059.

Sec. 7. Minnesota Statutes 2024, section 299N.02, subdivision 1, is amended to read:

Subdivision 1. **Membership.** Notwithstanding any provision of chapter 15 to the contrary, the Board of Firefighter Training and Education consists of the following members:

(1) five members representing the Minnesota State Fire Department Association, four of whom must be volunteer or paid on-call firefighters and one of whom may be a full-time firefighter, appointed by the governor;

(2) two members representing the Minnesota State Fire Chiefs Association, one of whom must be a volunteer fire chief, appointed by the governor;

(3) two members representing the Minnesota Professional Fire Fighters, appointed by the governor;

(4) two members representing Minnesota home rule charter and statutory cities, appointed by the governor;

(5) two members representing Minnesota towns, appointed by the governor;

(6) the commissioner of public safety or the commissioner's designee; and

(7) one public member not affiliated or associated with any member or interest represented in clauses (1) to (6), appointed by the governor.

The Minnesota State Fire Department Association shall recommend five persons to be the members described in clause (1), the Minnesota State Fire Chiefs Association shall recommend two persons to be the members described in clause (2), the Minnesota Professional Fire Fighters shall recommend two persons to be the members described in clause (3), the League of Minnesota Cities shall recommend two persons to be the members described in clause (4), and the Minnesota Association of Townships shall recommend two persons to be the members described in clause (5). In making the appointments the governor shall try to achieve representation from all geographic areas of the state.

Sec. 8. Minnesota Statutes 2024, section 352.98, subdivision 1, is amended to read:

Subdivision 1. **Plan created.** This section must be administered by the executive director of the system with the advice and consent of the board of directors. The executive director shall establish a plan or plans, known as health care savings plans, through which an officer or employee of the state or of a political subdivision, including officers or employees covered by a plan or fund specified in chapter 353D, 354B, 354D, 424A, or section 356.20, subdivision 2, may save to cover health care costs. For purposes of this section, a volunteer <u>or paid on-call</u> firefighter is an employee. The executive director shall make available one or more trusts, including a governmental trust or governmental trusts, authorized under the Internal Revenue Code to be eligible for tax-preferred or tax-free treatment through which employers and employees can save to cover health care costs.

Sec. 9. Minnesota Statutes 2025 Supplement, section 353D.01, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Eligibility to participate in the plan is available to:

(1) any elected or appointed local government official of a governmental subdivision who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the service rendered to a governmental subdivision, is not a member of the association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life-support emergency medical service personnel who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with the city of Litchfield in Meeker County, or of a county rescue squad associated with Kandiyohi County, if an independent nonprofit rescue

squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan;

(5) members of the municipal rescue squad associated with the city of Eden Valley in Stearns and Meeker Counties who are not eligible for membership in the police and fire retirement plan or a firefighter relief association affiliated with the city and who elect to participate in the plan under section 353D.02, subdivision 4, paragraph (b);

(6) employees of the Port Authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the association under section 353.01, subdivision 7;

(7) city managers who elected to be excluded from the general employees retirement plan of the association under section 353.028 and who elected to participate in the ~~public employees defined contribution~~ plan under section 353.028, subdivision 3, paragraph (b);

(8) volunteer or ~~emergency~~ paid on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation who are not covered by the police and fire retirement plan ~~and who are not covered by~~ or a ~~firefighters~~ firefighter relief association and who elect to participate in the ~~public employees defined contribution~~ plan;

(9) any elected county sheriff who is a former member of the police and fire plan, is receiving a retirement annuity as provided under section 353.651, and does not have previous employment with the county for which the sheriff was elected; and

(10) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the plan.

(c) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

Sec. 10. Minnesota Statutes 2025 Supplement, section 353D.02, subdivision 7, is amended to read:

Subd. 7. **~~Certain~~ Volunteer or paid on-call firefighters.** Volunteer or paid on-call firefighters who are serving as members of a municipal fire department or an independent nonprofit firefighting corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68, by a firefighters relief association under chapter 424A, or by the statewide volunteer firefighter retirement plan under chapter 353G may elect to participate in the plan within the first 30 days of commencing service by completing and signing a membership election on a form prescribed by the executive director of the association. The membership election must be filed with the association within 60 days of commencing service. An eligible firefighter's election is irrevocable. No employer contribution is payable by the fire

department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the membership election.

Sec. 11. Minnesota Statutes 2024, section 353D.03, subdivision 6, is amended to read:

Subd. 6. **Volunteer or paid on-call firefighters.** (a) Unless paragraph (b) applies, a volunteer or ~~emergency~~ paid on-call firefighter who elects to participate in the plan shall contribute at least 7.5 percent of any compensation received for firefighting services.

(b) If the municipality or the independent nonprofit firefighting corporation ratified the election of plan coverage under section 353D.02, subdivision 6, the volunteer or paid on-call firefighter and the employing unit shall contribute in total an amount equal at least to 7.5 percent of any compensation received for firefighting services.

Sec. 12. Minnesota Statutes 2024, section 353G.18, subdivision 4, is amended to read:

Subd. 4. **Termination procedures.** (a) The participation of a departing entity in the plan and the coverage of the departing firefighters by the plan ~~shall~~ must cease as of the date the requirements in this subdivision are completed and all assets credited to the entity's account are distributed.

(b) The governing board of the departing entity ~~shall~~ must adopt the resolutions under subdivision 5 and deliver the resolutions to the executive director.

(c) The executive director ~~shall~~ must:

(1) fully vest all departing firefighters as of the termination date and consider each departing firefighter 100 percent vested in the pension benefit accrued by the departing firefighter under the entity's account as of the termination date;

(2) determine the present value of each departing firefighter's accrued benefit as of the termination date, taking into account the benefit level under section 353G.11 or otherwise in effect for the departing firefighter as determined by the executive director;

(3) determine, as of the termination date, the value of accrued liabilities, including administrative expenses incurred or reasonably anticipated to be incurred through the distribution date, and the value of assets attributable to the entity's account; and

(4) to the extent necessary to minimize the risk of investment losses between the termination date and the distribution date, reinvest the assets credited to the entity's account in low-risk investments.

(d) If the entity's account has assets in excess of accrued liabilities, the executive director ~~shall~~ must allocate the excess among all active departing firefighters in the same proportion that the present value of the accrued benefit for each active departing firefighter bears to the total present value of the accrued benefits of all active departing firefighters, and each active departing firefighter's benefit, as determined under paragraph (c), clause (2), ~~shall~~ must be increased by the active departing firefighter's share of the excess.

(e) The executive director ~~shall~~ must, as soon as practicable after the termination date, distribute to each departing firefighter, regardless of whether the departing firefighter has attained age 50, the

firefighter's benefit as calculated by the executive director under paragraphs (c) and (d). The distribution ~~shall~~ must be made in a lump sum, either as a payment to the departing firefighter or as a direct rollover, if elected by the firefighter. If the departing firefighter is deceased, then the firefighter's benefit ~~shall~~ must be paid to the firefighter's survivor under section 353G.12 or as a direct rollover, if elected by the survivor.

(f) The executive director ~~shall~~ must pay supplemental benefits under section 424A.10, but only to the extent that the executive director will be reimbursed under section 424A.10, subdivision 3.

Sec. 13. Minnesota Statutes 2025 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following investment return assumption:

| plan | investment return assumption |
|---|---|
| general state employees retirement plan | 7% |
| correctional state employees retirement plan | 7 |
| State Patrol retirement plan | 7 |
| legislators retirement plan, and for the constitutional officers calculation of total plan liabilities | 0 |
| judges retirement plan | 7 |
| general public employees retirement plan | 7 |
| public employees police and fire retirement plan | 7 |
| local government correctional service retirement plan | 7 |
| teachers retirement plan | 7 |
| St. Paul teachers retirement plan | 7 |
| Bloomington Fire Department Relief Association | 6 |
| ~~local~~ monthly benefit ~~volunteer~~ firefighter relief associations | 5 |
| monthly benefit retirement plans in the statewide volunteer firefighter ~~retirement~~ plan | 6 |

(b) The actuarial valuation for each of the covered retirement plans listed in section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take into account the postretirement adjustment rate or rates applicable to the plan as specified in section 354A.29, subdivision 7, or 356.415, whichever applies.

(c) The actuarial valuation must use the applicable salary increase and payroll growth assumptions found in the appendix to the standards for actuarial work. The appendix must be updated whenever new assumptions have been approved or deemed approved under subdivision 18.

(d) The assumptions set forth in the appendix to the standards for actuarial work continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

Sec. 14. Minnesota Statutes 2025 Supplement, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) The actuarial valuation of each pension plan listed in subdivision 8, paragraph (a), other than the legislators retirement plan, the Bloomington Fire Department Relief Association, and the ~~local~~ monthly benefit ~~volunteer~~ firefighter relief associations, must contain an exhibit indicating the additional annual contribution sufficient to amortize on a level percent of payroll basis the unfunded actuarial accrued liability resulting from any of the following changes, over the period specified for that change, except that the pension plan's unfunded actuarial accrued liability as of July 1, 2024, must be amortized over a period that ends June 30, 2048:

(1) experience gain or loss: 15 years;

(2) assumption or method change: 20 years;

(3) benefit change for active members: 15 years;

(4) long-term benefit change for inactive members: 15 years;

(5) short-term benefit change for inactive members: the number of years during which the benefit change will be in effect; and

(6) an annual contribution that is more or less than the actuarially determined contribution: 15 years.

(b) The amortization periods specified in paragraph (a) apply:

(1) unless the standards for actuarial work state otherwise;

(2) except that, for the legislators retirement plan, the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability must be calculated on a level dollar basis with an amortization period of one year; and

(3) except that, for the State Patrol retirement plan, the public employees police and fire retirement plan, and the Teachers Retirement Association, the unfunded actuarial accrued liability resulting from benefit increases enacted in 2025 must be amortized over a period that ends June 30, 2048.

Sec. 15. Minnesota Statutes 2024, section 356.216, is amended to read:

**356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL MONTHLY VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS.**

The provisions of section 356.215 that govern the contents of actuarial valuations apply to the Bloomington Fire Department Relief Association and to any ~~local~~ monthly ~~firefighters~~ firefighter relief association required to make an actuarial report under this section, except as follows:

(1) in lieu of the amortization date specified in section 356.215, subdivision 11, the appropriate amortization target date specified in clause (2) or section 424A.093, subdivision 4, paragraph (c), must be used in calculating any required amortization contribution;

(2) for the Bloomington Fire Department Relief Association, any unfunded actuarial accrued liability must be amortized on a level dollar basis by December 31 of the year occurring 20 years after the year in which the unfunded actuarial accrued liability initially occurred, and, if subsequent actuarial valuations for the Bloomington Fire Department Relief Association indicate a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded actuarial accrued liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 20 years after the year in which the net actuarial experience loss occurred;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 13, the prospective annual service pensions under the benefit plan for active members must be reported;

(4) actuarial valuations required under Laws 2013, chapter 111, article 5, section 39, must be made annually and actuarial valuations required under section 424A.093, subdivision 2, must be made every four years or as frequently as required by generally accepted accounting principles in the government sector, whichever frequency requirement is shorter;

(5) the actuarial balance sheet showing accrued assets valued at market value, actuarial accrued liabilities, and the unfunded actuarial accrued liability must include the following required reserves:

(i) for active members:

(A) retirement benefits or service pensions;

(B) disability benefits; and

(C) survivors' benefits;

(ii) for deferred annuitants' benefits;

(iii) for former members without vested rights;

(iv) for annuitants:

(A) retirement annuities or service pensions;

(B) disability annuities; and

(C) survivor benefits.

In addition to those required reserves, separate items must be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above; and

(6) actuarial valuations are due to be filed with the state auditor by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

Sec. 16. Minnesota Statutes 2024, section 356.401, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the unclassified state employees retirement program, established by chapter 352D;

(6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(7) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees defined contribution plan, established by chapter 353D;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the statewide ~~lump-sum~~ volunteer firefighter plan, established by chapter 353G;

(11) the Teachers Retirement Association, established by chapter 354;

(12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(13) the individual retirement account plan, established by chapter 354B;

(14) the higher education supplemental retirement plan, established by chapter 354C; and

(15) the judges retirement fund, established by chapter 490.

Sec. 17. Minnesota Statutes 2024, section 356.611, subdivision 6, is amended to read:

Subd. 6. **Covered retirement plan.** As used in this section, "covered retirement plan" means any of the following plans:

(1) the legislator's retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the unclassified state employees retirement plan, established by chapter 352D;

(6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees defined contribution plan, established by chapter 353D;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the statewide volunteer firefighter ~~retirement~~ plan, established by chapter 353G;

(11) the Teachers Retirement Association, established by chapter 354;

(12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(13) the higher education individual retirement account plan, established by chapter 354B;

(14) the higher education supplemental retirement plan, established by chapter 354C;

(15) a retirement plan of a ~~volunteer~~ firefighter ~~retirement~~ relief association subject to chapter 424A;

(16) the judges retirement plan, established by chapter 490; or

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

Sec. 18. Minnesota Statutes 2024, section 356.635, subdivision 2a, is amended to read:

Subd. 2a. **Required distributions from defined contribution plans.** (a) This section applies to any covered retirement plan that is a defined contribution plan, including but not limited to the following:

(1) the unclassified state employees retirement plan, established by chapter 352D;

(2) the public employees defined contribution plan, established by chapter 353D;

(3) the defined contribution plan that is part of the statewide volunteer firefighter ~~retirement~~ plan, established by chapter 353G;

(4) the higher education individuals retirement account plan, established by chapter 354B;

(5) the higher education supplemental retirement plan, established by chapter 354C; and

(6) a defined contribution relief association, as defined under section 424A.001, subdivision 1c.

(b) If the participant dies before the required minimum distribution begins, the participant's account must be distributed in a lump sum no later than as follows:

(1) if the participant's account balance is payable to an eligible designated beneficiary, the distribution must be made by December 31 of the calendar year immediately following the calendar year in which the participant died. If the eligible designated beneficiary is the surviving spouse, the surviving spouse may elect to delay payment until December 31 of the calendar year in which the participant would have attained the participant's required beginning date. ~~Effective for calendar years beginning after December 31, 2023,~~ A surviving spouse who is the member's sole designated beneficiary may elect to be treated as if the surviving spouse were the member as provided under section 401(a)(9)(B)(iv) of the Internal Revenue Code;

(2) if the participant's account balance is payable to a beneficiary that is not a designated beneficiary, the participant's account must be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death; or

(3) if the participant's account balance is payable to a designated beneficiary who is not an eligible designated beneficiary, the participant's account must be distributed by December 31 of the calendar year containing the tenth anniversary of the participant's death.

(c) Upon the death of the participant after distribution of the participant's account balance begins, any remaining portion of the participant's account balance shall continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the participant's death, provided that the portion of the participant's account balance payable to a designated beneficiary who is not an eligible designated beneficiary must be distributed in its entirety by December 31 of the calendar year containing the tenth anniversary of the participant's death.

(d) Upon the death of an eligible designated beneficiary, or the attainment of the age of majority of an eligible designated beneficiary who is a minor child of the participant, before distribution of the participant's entire account balance under paragraph (b) or (c), the remainder of the participant's account balance shall be distributed by December 31 of the calendar year containing the tenth anniversary of the eligible designated beneficiary's death, or by December 31 of the calendar year in which the child attains the age of majority plus ten years, as applicable.

~~(e) Notwithstanding any other provisions of this subdivision, a participant or beneficiary, who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the~~

~~enactment of section 401(a)(9)(I) of the Internal Revenue Code, and who would have satisfied that requirement by receiving a distribution that satisfies the required minimum distribution for 2020, will receive that distribution unless the participant or beneficiary chooses not to receive the distribution. Solely for purposes of applying the direct rollover provisions of section 356.633, such distributions will be treated as eligible rollover distributions in 2020.~~

Sec. 19. Minnesota Statutes 2024, section 356.65, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, unless the context clearly indicates otherwise, each of the following terms has the meaning given to it:

(a) "Public pension fund" means any public pension plan as defined in section 356.63, paragraph (b), and any ~~Minnesota firefighters~~ firefighter relief association ~~which is~~ established under chapter 424A and governed under sections 424A.091 to 424A.096.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or other retirement benefit payments, including those made on warrants issued by the commissioner of management and budget, which have been issued and delivered for more than six months prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made; or

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 20. Minnesota Statutes 2024, section 356B.02, is amended to read:

**356B.02 DRAFTING PENSION AND RETIREMENT BILLS.**

(a) Notwithstanding section 3C.035, an agency or pension system intending to urge the legislature to adopt a bill affecting the pension system, one or more plans administered by the pension system, or one or more ~~volunteer~~ firefighter relief associations; or relating to pensions or retirement shall deliver the drafting request for the bill to the executive director of the commission no later than November 1 before the regular session of the legislature at which adoption will be urged.

(b) The executive director of the commission may accept a drafting request from an agency or a pension system after November 1 if the executive director of the commission determines that the request relates to a matter that could not reasonably have been foreseen by November 1 or for which the requester provides other reasonable justification for delay.

Sec. 21. Minnesota Statutes 2024, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall allocate the additional amortization state aid, if any, including any state aid in excess of the limitation in subdivision 4, on the following basis:

(1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with police and firefighter retirement coverage;

(2) 25.8 percent as additional funding to support the minimum fire state aid for ~~volunteer~~ firefighter relief associations under section 477B.03, subdivision 5;

(3) 12.9 percent to the city of Duluth to defray employer costs associated with police and firefighter retirement coverage;

(4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment performance requirement of paragraph (c) is met; and

(5) 1.3 percent to the city of Virginia to defray the employer contribution under section 353.665, subdivision 8, paragraph (d).

If there is no additional employer contribution under section 353.665, subdivision 8a, certified under subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police Relief Association and the former Minneapolis Fire Department Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for ~~volunteer~~ firefighter relief associations under section 477B.03, subdivision 5. If there is no employer contribution by the city of Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department Relief Association certified on or before June 30 by the executive director of the Public Employees Retirement Association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for ~~volunteer~~ firefighter relief associations under section 477B.03, subdivision 5.

(b) The allocation must be made by the commissioner of revenue on October 1 annually.

(c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are the amounts annually appropriated to the commissioner of revenue under section 477B.03, subdivision 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

Sec. 22. Minnesota Statutes 2024, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between $5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 60 percent of the amounts derived under this paragraph to the Teachers Retirement Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of $800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between $5,720,000 and the current year amortization aid under subdivision 1 that is not distributed for any reason to a municipality must be distributed under section 477B.03, subdivision 5, as additional funding to support a minimum fire state aid amount for ~~volunteer~~ firefighter relief associations.

Sec. 23. Minnesota Statutes 2024, section 424A.01, subdivision 3, is amended to read:

Subd. 3. **Status of nonmember ~~volunteer~~ firefighters.** No person who is serving as a firefighter in a fire department but who is not a member of the applicable firefighters relief association is entitled to any service pension or ancillary benefits from the relief association.

Sec. 24. Minnesota Statutes 2024, section 424B.10, subdivision 1b, is amended to read:

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

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

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

(2) for service rendered by each individual volunteer or paid on-call firefighter before consolidation, the service pension amount under the consolidating firefighters relief association that the firefighter belonged to immediately before the consolidation if the pension amount was implemented consistent with section 424A.02 and for service rendered after the effective date of the consolidation, the highest dollar amount service pension of any of the consolidating ~~volunteer firefighters~~ firefighter relief associations in effect immediately before the consolidation if the pension amount was implemented consistent with section 424A.02.

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

Sec. 25. Minnesota Statutes 2024, section 465.90, is amended to read:

**465.90 MUNICIPAL AUTHORITY TO PERMIT SOLICITATION BY FIREFIGHTERS.**

Notwithstanding any law or ordinance to the contrary, a municipality may by resolution permit full-time permanent firefighters employed by the municipality while on duty, or volunteer or paid on-call firefighters serving the municipality while not on duty, to solicit charitable contributions from motorists if the following conditions are met:

(1) the solicitation is for only one charitable organization annually, and that charitable organization is qualified under section 501(c)(3) of the Internal Revenue Code and is registered as a charity under state law;

(2) the solicitation does not occur for more than three days, whether or not consecutively, in any calendar year; and

(3) the charitable organization provides to the municipality proof of commercial general liability insurance against claims for bodily injury and property damage if the injury or damage occurs (i) on public streets, roads, or rights-of-way, or (ii) as a result of the solicitor's activities. The insurance must have a limit of no less than $1,500,000 per occurrence and an endorsement to the policy naming the municipality as an additional insured.

Sec. 26. **REVISOR INSTRUCTION.**

(a) In Minnesota Statutes, the revisor of statutes shall change the terms "volunteer firefighters relief associations," "volunteer firefighters' relief associations," "firefighters relief associations," and "firefighters' relief associations" to "firefighter relief associations" wherever the terms appear.

(b) In Minnesota Statutes, the revisor of statutes shall change the terms "firefighters relief association" and "firefighters' relief association" to "firefighter relief association" wherever the terms appear.

(c) The revisor shall make any necessary grammatical changes or changes to sentence structure necessary to preserve the meaning of the text as a result of the changes.

Sec. 27. **EFFECTIVE DATE.**

Sections 1 to 26 are effective the day following final enactment.

## ARTICLE 16

## MISCELLANEOUS TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 2025 Supplement, section 299A.465, subdivision 1, is amended to read:

Subdivision 1. **Officer or firefighter disabled in line of duty.** (a) This subdivision applies to any peace officer or firefighter:

(1) who the Public Employees Retirement Association or the Minnesota State Retirement System determines is eligible to receive a duty disability benefit pursuant to section 353.656 or 352B.10, subdivision 1, respectively; or

(2) who is a member of a local police or salaried firefighters relief association and qualifies for a duty disability benefit under the terms of plans of the relief associations, and the peace officer or firefighter has discontinued public service as a peace officer or firefighter as a result of a disabling injury and has been determined, by the Public Employees Retirement Association, to have otherwise met the duty disability criteria set forth in section 353.01, subdivision 41.

(b) Determinations made in accordance with paragraph (a) are binding on the peace officer or firefighter, employer, and state. The determination must be made by the executive director of the Public Employees Retirement Association or by the executive director of the Minnesota State Retirement System, whichever applies, and is not subject to section 356.96, subdivision 2. Upon making a determination, the executive director must provide written notice to the peace officer or firefighter and the employer. The notice must include a written statement of the reasons for the determination. If the notice is from the executive director of the Minnesota State Retirement System, the notice must also include:

(1) a notice that the person may petition for a review of the determination by requesting that a contested case be initiated before the Office of Administrative Hearings, the cost of which must be borne by the peace officer or firefighter and the employer; and

(2) a statement that any person who does not petition for a review within 60 days is precluded from contesting issues determined by the executive director in any other administrative review or court procedure.

If, prior to the contested case hearing, additional information is provided to support the claim for duty disability as defined in section 352B.011, subdivision 7, the executive director may reverse the determination without the requested hearing. If a hearing is held before the Office of Administrative Hearings, the determination rendered by the judge conducting the fact-finding hearing is a final decision and order under section 14.62, subdivision 2a, and is binding on the applicable executive director, the peace officer or firefighter, employer, and state. Review of a final determination made by the Office of Administrative Hearings under this section may only be obtained by writ of certiorari to the Minnesota Court of Appeals under sections 14.63 to 14.68. Only the peace officer or firefighter, employer, and state have standing to participate in a judicial review of the decision of the Office of Administrative Hearings.

(c) The officer's or firefighter's employer must continue to provide health coverage and pay for the coverage as required by paragraphs (d) to (g) for:

(1) the officer or firefighter; and

(2) the officer's or firefighter's dependents if the officer or firefighter was receiving dependent coverage at the time of the injury under the employer's group health plan.

(d) For an officer or firefighter who has applied for or been approved to receive benefits under section 353.656 ~~prior to the date of enactment~~ before May 24, 2025, or an officer or firefighter who applies for and is approved for total and permanent duty disability benefits under section 353.656, subdivision 1a, the employer is responsible for the continued payment of the employer's contribution for health coverage of the officer or firefighter and, if applicable, the officer's or firefighter's dependents. Coverage must continue for the officer or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or firefighter reaches age 65 or, if deceased, would have reached age 65.

(e) For an officer or firefighter approved to receive benefits under section 353.656 on or after ~~the date of enactment~~ May 24, 2025, and who is not approved for total and permanent duty disability benefits under section 353.656, subdivision 1a, the employer is responsible for the continued payment of the employer's contribution for health coverage of the officer or firefighter and, if applicable, the officer's or firefighter's dependents. Coverage must continue:

(1) for the officer or firefighter for a period of 60 months or, if earlier, until the officer or firefighter reaches age 65; and

(2) for the officer's or firefighter's dependents for a period of 60 months.

(f) For an officer or firefighter who has applied for or been approved to receive benefits under section 352B.10, subdivision 1, the employer is responsible for the continued payment of the employer's contribution for health coverage of the officer or firefighter and, if applicable, the officer's or firefighter's dependents. Coverage must continue for the officer or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or firefighter reaches age 65 or, if deceased, would have reached age 65.

(g) The employer is not required to continue health coverage for dependents after the person is no longer a dependent.

(h) An officer or firefighter who has applied for or been approved to receive benefits under section 353.656 may affirmatively waive health coverage under this section but must not receive any payment or other consideration from the employer in exchange for waiver of the coverage. Any agreement entered into between an officer or firefighter who has applied for or been approved to receive benefits under section 353.656 and the officer's or firefighter's employer or the employer's agent providing for compensation for a waiver of coverage under this section is void. Nothing in this subdivision shall be construed to render void any agreement entered into ~~prior to the date of enactment~~ before May 24, 2025.

(i) Once a duty disability determination is made pursuant to section 353.656, the employer has no right to challenge and is prohibited from challenging the continuation and payment of health coverage under this section.

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

Sec. 2. Minnesota Statutes 2024, section 354A.29, subdivision 7, is amended to read:

Subd. 7. **Postretirement adjustments.** (a) Except as set forth in paragraph (c), each person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this

chapter, whose effective date of benefit commencement occurred on or before July 1 of the calendar year immediately before the adjustment, is eligible to receive an annual postretirement adjustment, effective as of each January 1, as follows:

(1) there shall be no postretirement adjustment on January 1, 2019, and January 1, 2020; and

(2) the postretirement adjustment shall be one percent on January 1, 2021, and each January 1 thereafter.

(b) A postretirement adjustment is to be applied as a permanent increase to the regular payment of each eligible member on January 1. For any eligible member whose effective date of benefit commencement occurred after January 1 of the immediately preceding calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

(c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement adjustment, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age.

(d) Paragraph (c) does not apply to members who retire under section 354A.31, subdivision 6, paragraph ~~(b)~~ (c), or who retire when the member is at least age 62 and has at least 30 years of service under section 354A.31, subdivision 7.

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

Sec. 3. Minnesota Statutes 2025 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) to a deferred compensation plan defined in subdivision 3;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of $4,300 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy ~~or in the~~, collective bargaining agreement, participation plan, or resolution of the governing body of a public employer with the exclusive representative of the covered employees in an appropriate unit;

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $10,000 per year per employee;

(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $5,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $10,000 per year per employee;

(11) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $5,000 per year per employee;

(12) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a;

(13) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5;

(14) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment; or

(15) to a supplemental plan organized and operated under the Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

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

Sec. 4. Minnesota Statutes 2025 Supplement, section 423A.022, subdivision 2, is amended to read:

Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

(1) 58.064 percent must be paid to the executive director of the Public Employees Retirement Association for deposit in the public employees police and fire retirement fund established by section 353.65, subdivision 1;

(2) 35.484 percent must be allocated and paid as required by paragraphs (b) and (c), respectively, to or on behalf of municipalities who qualify for supplemental state aid under paragraph (d); and

(3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement System for deposit in the state patrol retirement fund.

(b) Supplemental state aid under paragraph (a), clause (2), must be allocated to each municipality that qualifies for supplemental state aid under paragraph (d) in the same proportion that the most recent amount of fire state aid paid under section 477B.04 for the municipality bears to the most recent total fire state aid paid under section 477B.04 for all municipalities other than municipalities solely employing firefighters with retirement coverage by one or more pension plans under chapter 353.

(c) Supplemental state aid under paragraph (a), clause (2), must be paid:

(1) to the executive director of the Public Employees Retirement Association for each municipality with a fire department that participates in the statewide volunteer firefighter plan for deposit in the fund established by section ~~352G.02~~ 353G.02, subdivision 3, and credited to the fire department's account; and

(2) with the balance to the treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of the applicable firefighters relief association for deposit in its special fund.

(d) A municipality qualifies for supplemental state aid under paragraph (a), clause (2), if the municipality:

(1) does not solely employ firefighters with retirement coverage provided by one or more pension plans established under chapter 353; and

(2) qualified to receive fire state aid in that calendar year.

(e) For purposes of this section, the term "municipalities" includes independent nonprofit firefighting corporations that participate in the statewide volunteer firefighter plan under chapter 353G or with subsidiary firefighter relief associations operating under chapter 424A.

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

Delete the title and insert:

"A bill for an act relating to retirement; Minnesota State Retirement System; making administrative and technical changes; Public Employees Retirement Association local government correctional service retirement plan; reducing the employee and employer contribution rates and increasing postretirement adjustments; public employees police and fire retirement plan; reducing the waiting period for post-retirement adjustments; providing direct state aid; Teachers Retirement Association; making administrative changes; St. Paul Teachers Retirement Fund Association;

decreasing employee contributions; providing direct state aid; modifying the termination process for firefighter relief associations; implementing recommendations of the state auditor's fire relief association working group; special legislation for the Maple Plain fire department termination of participation in the statewide volunteer firefighter plan; modifying the definition of salary to exclude pay for Minnesota paid leave; requiring the employer of a reemployed annuitant to make employer contributions to the pension plan that covers the annuitant; authorizing elected officials to participate in the health care savings plan; Minnesota Secure Choice Retirement Program; making administrative changes; revising enrollment, notice, annual reporting, and board of director requirements; State Board of Investment; modifying expense apportionment among funds managed by the State Board of Investment; establishing work groups on relief associations and duty disability; establishing the Probation and Telecommunicator Retirement subplan administered by the Minnesota State Retirement System; establishing the Local Government Probation and Telecommunicator Retirement Plan administered by the Public Employees Retirement Association; transfers from the general fund to the new probation and telecommunicator to fund a temporary reduction in employee contribution rates; special legislation for an individual's periods of omitted service; special legislation for an individual with a missing higher education individual retirement account; making technical changes; appropriating and transferring money; amending Minnesota Statutes 2024, sections 6.496; 11A.07, subdivision 5; 11A.17, subdivision 1; 43A.346, subdivisions 8, 10; 144F.01, subdivision 2; 187.03, by adding subdivisions; 187.05, subdivisions 1, 7, by adding a subdivision; 187.06, subdivision 3; 187.07, by adding a subdivision; 187.08, subdivisions 1, 2, 6, 8; 299K.03, subdivision 3; 299N.02, subdivision 1; 352.01, subdivision 13; 352.021, subdivision 2; 352.029, subdivisions 1, 2, 2a; 352.115, subdivisions 7a, 8, 9, 10; 352.1155, subdivision 3; 352.75, subdivision 2; 352.87, subdivisions 1, 2; 352.951; 352.98, subdivisions 1, 3; 353.01, subdivisions 10, 16, 37; 353.0141, subdivision 1; 353.031, subdivisions 1, 2, 3; 353.15, subdivision 1; 353.27, subdivisions 4, 7b, 11, 12, 12a, 12b, 13, 14; 353.30, subdivision 3; 353.33, subdivisions 3, 7a, 11; 353.34, subdivisions 1, 3; 353.37, subdivision 5; 353.371, subdivisions 6, 7; 353.46, subdivision 2; 353D.03, subdivision 6; 353E.03, subdivisions 1, 2; 353G.02, subdivision 4; 353G.08, subdivision 1; 353G.18, subdivision 4; 354.05, subdivisions 35, 37, by adding a subdivision; 354.07, subdivision 2; 354.44, subdivision 5; 354.444, subdivisions 2, 3, 5; 354.445; 354.48, subdivisions 4, 6; 354A.011, subdivisions 14b, 24; 354A.021, subdivision 8; 354A.095; 354A.12, subdivisions 1, 3a, 3c; 354A.29, subdivision 7; 356.20, subdivision 2; 356.214, subdivision 1; 356.216; 356.219, subdivision 1; 356.24, subdivision 3; 356.30, subdivisions 1, 3, by adding a subdivision; 356.302, subdivisions 1, 7; 356.303, subdivision 4; 356.315, subdivision 9; 356.32, subdivision 2; 356.401, subdivision 3; 356.415, subdivisions 1g, 2, by adding a subdivision; 356.461, subdivisions 1, 2; 356.465, subdivision 3; 356.47, subdivision 3; 356.48, subdivision 1; 356.611, subdivision 6; 356.635, subdivision 2a; 356.65, subdivision 1; 356B.02; 423A.02, subdivisions 1b, 3; 424A.001, subdivisions 8, 9, 9a, 9b; 424A.01, subdivision 3; 424A.014, subdivision 1; 424A.016, subdivision 4; 424B.10, subdivision 1b; 424B.22, subdivisions 5, 7, 8, 9, as amended; 465.90; Minnesota Statutes 2025 Supplement, sections 11A.04; 11A.07, subdivision 4; 151.37, subdivision 12; 181.101; 187.03, subdivisions 5, 6a; 187.05, subdivisions 1a, 4; 187.07, subdivision 1; 187.08, subdivision 3; 187.11; 187.12, subdivision 1; 299A.465, subdivision 1; 352.029, subdivision 3; 352.905, by adding a subdivision; 352.907, by adding a

subdivision; 353.01, subdivisions 2a, 2b; 353.65, subdivision 3b; 353D.01, subdivision 2; 353D.02, subdivision 7; 356.215, subdivisions 8, 11; 356.24, subdivision 1; 356.415, subdivision 1c; 423A.022, subdivision 2; 424A.016, subdivision 6; 424A.05, subdivision 3; Laws 2022, chapter 65, article 3, section 1, subdivisions 2, as amended, 3, as amended; Laws 2025, chapter 39, article 1, section 8; proposing coding for new law in Minnesota Statutes, chapters 187; 352; 424A; proposing coding for new law as Minnesota Statutes, chapter 353H; repealing Minnesota Statutes 2024, sections 352.87, subdivision 8; 424A.01, subdivision 6; Minnesota Statutes 2025 Supplement, section 187.07, subdivision 3."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

## RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

## APPOINTMENTS

Senator Murphy from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 3432: Senators Latz, Dibble, Xiong, Westlin, and Kreun.

H.F. No. 4188: Senators Klein, Seeberger, Frentz, and Duckworth.

Senator Murphy moved that the foregoing appointments be approved. The motion prevailed.

## RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House, Reports of Committees, and Second Reading of Senate Bills.

## MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1141:

**H.F. No. 1141:** A bill for an act relating to housing; establishing a supplemental budget for the Minnesota Housing Finance Agency; authorizing the issuance of housing infrastructure bonds; modifying the authority of the Minnesota Housing Finance Agency over the housing development fund; requiring reports; transferring money; appropriating money; amending Minnesota Statutes 2024, sections 462A.05, subdivision 8; 462A.20, subdivisions 3, 4, by adding a subdivision; 462A.21, subdivisions 10, 12a; 462A.37, by adding a subdivision; Minnesota Statutes 2025 Supplement, section 462A.37, subdivision 5; Laws 2025, chapter 32, article 1, section 2, subdivisions 1, 3, 15, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 462A; repealing Minnesota Statutes 2024, section 462A.21, subdivision 5.

The House respectfully requests that a Conference Committee of 4 members be appointed thereon.

Howard, Kozlowski, Igo and Nash have been appointed as such committee on the part of the House.

House File No. 1141 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 7, 2026

Senator Frentz, for Senator Port, moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1141, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

## REPORTS OF COMMITTEES

Senator Frentz moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

**Senator Murphy from the Committee on Rules and Administration, to which was referred under Senate Concurrent Resolution No. 6, together with the committee report thereon,**

**S.F. No. 4276:** A bill for an act relating to retirement; making administrative changes to statutes governing the retirement plans administered by the Minnesota State Retirement System; clarifying that correctional employees remain in the correctional employees retirement plan while working for a labor organization; making conforming changes to retirement annuity application procedures; modifying enrollment procedures in the state fire marshals subplan; clarifying that the correctional plan membership committee is not subject to the open meeting law and agency appointment and

registration requirements; allowing current deputy fire marshals to elect coverage by the state fire marshals subplan; amending Minnesota Statutes 2024, sections 352.021, subdivision 2; 352.029, subdivisions 1, 2, 2a; 352.115, subdivisions 7a, 8, 9; 352.87, subdivisions 1, 2; Minnesota Statutes 2025 Supplement, sections 352.029, subdivision 3; 352.905, by adding a subdivision; 352.907, by adding a subdivision; repealing Minnesota Statutes 2024, section 352.87, subdivision 8.

Reports the same back with the recommendation that the provisions of Senate Concurrent Resolution No. 6 be suspended for all further proceedings on S.F. No. 4276 and that the report from the Committee on State and Local Government, shown in the Journal for May 7, 2026, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

**Senator Murphy from the Committee on Rules and Administration, to which was referred under Senate Concurrent Resolution No. 6, together with the committee report thereon,**

**S.F. No. 4667:** A bill for an act relating to public safety; expanding eligibility for survivor benefits to include when a public safety officer dies in the line of duty from an exposure-related cancer; amending Minnesota Statutes 2024, section 299A.41, subdivision 3, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 299A.

Reports the same back with the recommendation that the provisions of Senate Concurrent Resolution No. 6 be suspended for all further proceedings on S.F. No. 4667 and that the report from the Committee on Judiciary and Public Safety, shown in the Journal for April 21, 2026, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

**Senator Murphy from the Committee on Rules and Administration, to which was referred under Senate Concurrent Resolution No. 6, together with the committee report thereon,**

**S.F. No. 3236:** A bill for an act relating to public safety; requiring helmets for operators of electric-assisted bicycles under the age of 18; providing a penalty; amending Minnesota Statutes 2024, section 169.222, subdivision 6a.

Reports the same back with the recommendation that the provisions of Senate Concurrent Resolution No. 6 be suspended for all further proceedings on S.F. No. 3236 and that the report from the Committee on Transportation, shown in the Journal for April 13, 2026, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

**Senator Murphy from the Committee on Rules and Administration, to which was referred under Senate Concurrent Resolution No. 6, together with the committee report thereon,**

**S.F. No. 4503:** A bill for an act relating to local government; designating thermal energy networks as public improvements and waterworks; amending Minnesota Statutes 2024, sections 429.021, subdivision 1; 444.075, subdivision 1.

Reports the same back with the recommendation that the provisions of Senate Concurrent Resolution No. 6 be suspended for all further proceedings on S.F. No. 4503 and that the report from the Committee on State and Local Government, shown in the Journal for May 7, 2026, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

**Senator Murphy from the Committee on Rules and Administration, to which was referred**

**S.F. No. 5200:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2024, section 268B.185, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 4503 and 5200 were read the second time.

## RECESS

Senator Frentz moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

## APPOINTMENTS

Senator Murphy from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1141: Senators Port, Boldon, and Lucero.

Senator Frentz, for Senator Murphy, moved that the foregoing appointments be approved. The motion prevailed.

## MEMBERS EXCUSED

Senator Holmstrom was excused from the Session of today from 11:20 to 11:30 a.m. Senator Nelson was excused from the Session of today from 12:15 to 12:30 p.m.

## ADJOURNMENT

Senator Frentz moved that the Senate do now adjourn until 11:00 a.m., Monday, May 11, 2026. The motion prevailed.

Thomas S. Bottern, Secretary of the Senate