

A bill for an act

relating to retirement; volunteer firefighters' relief associations; reorganizing the defined contribution relief association provisions; recodifying the general volunteer firefighters' relief association law; making conforming changes; amending Minnesota Statutes 2008, sections 69.031, subdivision 5; 69.771, subdivision 3; 69.772, subdivisions 4, 6; 69.773, subdivision 6; 356.219, subdivision 3; 420.20, as added if enacted; 424A.001, subdivisions 1, 1a, 2, 3, 4, 5, 6, 8, 9, 10, by adding subdivisions; 424A.01; 424A.016, as added if enacted; 424A.02, subdivisions 1, as amended if enacted, 2, 3, as amended if enacted, 3a, as amended if enacted, 6, 7, 8, as amended if enacted, 9, 9a, 9b, 10, as amended if enacted, 12, 13; 424A.021; 424A.03; 424A.04; 424A.05, subdivisions 1, 2, 3, as amended if enacted, 4; 424A.06; 424A.07; 424A.08; 424A.10, subdivisions 1, as amended if enacted, 2, 3, 4, 5; 424B.10; 424B.21; proposing coding for new law in Minnesota Statutes, chapters 420; 424A; 424B; repealing Minnesota Statutes 2008, sections 424A.001, subdivision 7; 424A.02, subdivisions 4, 6, 8a, 8b, 9b; 424A.09.

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

ARTICLE 1

REORGANIZATION AND RECODIFICATION OF VOLUNTEER FIREFIGHTER RETIREMENT PROVISIONS

Section 1. 420.20 PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER FIREFIGHTERS.

It is unlawful for any municipality or independent nonprofit firefighting corporation to employ a minor to serve as a volunteer firefighter or to permit a minor to serve in any capacity performing any firefighting duties with a volunteer fire department.

Sec. 2. Minnesota Statutes 2008, section 424A.001, subdivision 1, is amended to read:

Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as used in this chapter, the terms defined in this section have the meanings given.

2.1 Sec. 3. Minnesota Statutes 2008, section 424A.001, subdivision 1a, is amended to read:

2.2 Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the  
2.3 special fund of the relief association other than a service pension that is permitted by law  
2.4 and that is provided for in the relief association bylaws.

2.5 Sec. 4. Minnesota Statutes 2008, section 424A.001, is amended by adding a  
2.6 subdivision to read:

2.7 Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association"  
2.8 means a volunteer firefighters' relief association that provides a lump sum service pension,  
2.9 provides a monthly benefit service pension, or provides a lump sum service pension as an  
2.10 alternative to the monthly benefit service pension.

2.11 Sec. 5. Minnesota Statutes 2008, section 424A.001, is amended by adding a  
2.12 subdivision to read:

2.13 Subd. 1c. **Defined contribution relief association.** "Defined contribution relief  
2.14 association" means a volunteer firefighters' relief association that provides a service  
2.15 pension based solely on an individual account balance rather than a specified annual lump  
2.16 sum or monthly benefit service pension amount.

2.17 Sec. 6. Minnesota Statutes 2008, section 424A.001, subdivision 2, is amended to read:

2.18 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department  
2.19 ~~and~~ or an independent nonprofit firefighting corporation.

2.20 Sec. 7. Minnesota Statutes 2008, section 424A.001, subdivision 3, is amended to read:

2.21 Subd. 3. **Municipality.** "Municipality" means a municipality which has  
2.22 established a fire department with which the relief association is directly associated, or  
2.23 the municipalities which have entered into a contract with the independent nonprofit  
2.24 firefighting corporation of which the relief association is a subsidiary.

2.25 Sec. 8. Minnesota Statutes 2008, section 424A.001, subdivision 4, is amended to read:

2.26 Subd. 4. **Relief association.** "Relief association" means ~~(a)~~ (1) a volunteer  
2.27 firefighters' relief association or a volunteer firefighters' division or account of a partially  
2.28 salaried and partially volunteer firefighters' relief association that is organized and  
2.29 incorporated under chapter 317A and any laws of the state, is governed by this chapter  
2.30 and chapter 69, and is directly associated with a fire department established by municipal  
2.31 ordinance; or ~~(b)~~ (2) any ~~separate~~ separately incorporated volunteer firefighters' relief

3.1 association ~~that is~~ subsidiary to and ~~providing that provides~~ service pension and retirement  
3.2 benefit coverage for members of an independent nonprofit firefighting corporation that is  
3.3 organized under the provisions of chapter 317A, is governed by this chapter, and ~~operating~~  
3.4 operates exclusively for firefighting purposes. A relief association is a governmental entity  
3.5 that receives and manages public money to provide retirement benefits for individuals  
3.6 providing the governmental services of firefighting and emergency first response.

3.7 Sec. 9. Minnesota Statutes 2008, section 424A.001, subdivision 5, is amended to read:

3.8 Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer  
3.9 firefighters' relief association or the account for volunteer firefighters within the special  
3.10 fund of a partially salaried and partially volunteer firefighters' relief association.

3.11 Sec. 10. Minnesota Statutes 2008, section 424A.001, subdivision 6, is amended to read:

3.12 Subd. 6. **Surviving spouse.** For purposes of this chapter, and the ~~governing~~ bylaws  
3.13 ~~of any governing~~ a relief association to which this chapter applies, ~~the term~~ "surviving  
3.14 spouse" means the spouse of a deceased member who was legally married to the member  
3.15 at the time of the member's death.

3.16 Sec. 11. Minnesota Statutes 2008, section 424A.001, subdivision 8, is amended to read:

3.17 Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality  
3.18 approves for a fire department that is a municipal department, or if the applicable  
3.19 contracting municipality or municipalities approve for a fire department that is an  
3.20 independent nonprofit firefighting corporation, includes fire department service rendered  
3.21 by fire prevention personnel.

3.22 Sec. 12. Minnesota Statutes 2008, section 424A.001, subdivision 9, is amended to read:

3.23 Subd. 9. **Separate from active service.** "Separate from active service" means  
3.24 ~~to that a firefighter~~ permanently ~~cease~~ ceases to perform fire suppression duties with  
3.25 a particular volunteer fire department, ~~to~~ permanently ~~cease~~ ceases to perform fire  
3.26 prevention duties, ~~to~~ permanently ~~cease~~ ceases to supervise fire suppression duties, and ~~to~~  
3.27 permanently ~~cease~~ ceases to supervise fire prevention duties.

3.28 Sec. 13. Minnesota Statutes 2008, section 424A.001, subdivision 10, is amended to  
3.29 read:

3.30 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

4.1 (1) was a member of the applicable fire department or the independent nonprofit  
 4.2 firefighting corporation and a member of the relief association on July 1, 2006; or

4.3 (2) became a member of the applicable fire department or the independent nonprofit  
 4.4 firefighting corporation and is eligible for membership in the applicable relief association  
 4.5 after June 30, 2006, and

4.6 (i) is engaged in providing emergency response services or delivering fire education  
 4.7 or prevention services as a member of a municipal fire department, a joint powers entity  
 4.8 fire department, or an independent nonprofit firefighting corporation;

4.9 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire  
 4.10 prevention duties under subdivision 8; and

4.11 (iii) meets any other minimum firefighter and service standards established by the  
 4.12 fire department or the independent nonprofit firefighting corporation or specified in the  
 4.13 articles of incorporation or bylaws of the relief association.

4.14 Sec. 14. **[424A.002] AUTHORIZATION OF NEW OR CONTINUING**  
 4.15 **VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.**

4.16 Subdivision 1. Authorization. A municipal fire department or an independent  
 4.17 nonprofit firefighting corporation, with approval by the applicable municipality or  
 4.18 municipalities, may establish a new volunteer firefighters' relief association or may retain  
 4.19 an existing volunteer firefighters' relief association.

4.20 Subd. 2. Defined benefit or defined contribution relief association. The articles  
 4.21 of incorporation or the bylaws of the volunteer firefighters' relief association must specify  
 4.22 that the relief association is either a defined benefit relief association subject to sections  
 4.23 69.771 to 69.774, 424A.015, and 424A.02 or is a defined contribution relief association  
 4.24 subject to sections 424A.015 and 424A.017.

4.25 Sec. 15. Minnesota Statutes 2008, section 424A.01, is amended to read:

4.26 **424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF**  
 4.27 **ASSOCIATION.**

4.28 Subdivision 1. **Minors.** ~~It is unlawful for any~~ No volunteer firefighters' relief  
 4.29 association associated with a municipality or an independent nonprofit firefighting  
 4.30 corporation to employ may include as a relief association member a minor serving as  
 4.31 a volunteer firefighter or to permit a minor to serve in any capacity performing any  
 4.32 firefighting duties with a volunteer fire department.

4.33 Subd. 2. **Status of substitute volunteer firefighters.** No person who is serving as a  
 4.34 substitute volunteer firefighter ~~shall be deemed~~ may be considered to be a firefighter for

5.1 purposes of chapter 69 or this chapter ~~nor shall be~~ and no substitute volunteer firefighter is  
 5.2 authorized to be a member of any volunteer firefighters' relief association governed by  
 5.3 chapter 69 or this chapter.

5.4 Subd. 3. **Status of nonmember volunteer firefighters.** No person who is serving  
 5.5 as a firefighter in a fire department but who is not a member of the applicable firefighters'  
 5.6 relief association ~~shall be~~ is entitled to any service pension or ancillary benefits from  
 5.7 the relief association.

5.8 Subd. 4. **Exclusion of persons constituting an unwarranted health risk.** The  
 5.9 board of trustees of every relief association may exclude from membership in the relief  
 5.10 association all applicants who, due to some medically determinable physical or mental  
 5.11 impairment or condition, ~~would~~ is determined to constitute a predictable and unwarranted  
 5.12 risk of imposing liability for an ancillary benefit at any age earlier than the minimum  
 5.13 age specified for receipt of a service pension. Notwithstanding any provision of section  
 5.14 363A.25, it ~~shall be~~ is a good and valid defense to a complaint or action brought under  
 5.15 chapter 363A that the board of trustees of the relief association made a good faith  
 5.16 determination that the applicant suffers from an impairment or condition constituting a  
 5.17 predictable and unwarranted risk for the relief association if the determination was made  
 5.18 following consideration of: ~~(a)~~ (1) the person's medical history; and ~~(b)~~ (2) the report of  
 5.19 the physician completing a physical examination of the applicant ~~completed~~ undertaken at  
 5.20 the expense of the relief association.

5.21 Subd. 5. **Fire prevention personnel.** (a) If the fire department is a municipal  
 5.22 department and the applicable municipality approves, or if the fire department is an  
 5.23 independent nonprofit firefighting corporation and the contracting municipality or  
 5.24 municipalities approve, the fire department may employ or otherwise utilize the services  
 5.25 of persons as volunteer firefighters to perform fire prevention duties and to supervise  
 5.26 fire prevention activities.

5.27 (b) Personnel serving in fire prevention positions are eligible to be members of  
 5.28 the applicable volunteer firefighter relief association and to qualify for service pension  
 5.29 or other benefit coverage of the relief association on the same basis as fire department  
 5.30 personnel who perform fire suppression duties.

5.31 (c) Personnel serving in fire prevention positions also are eligible to receive any  
 5.32 other benefits under the applicable law or practice for services on the same basis as  
 5.33 personnel who are employed to perform fire suppression duties.

5.34 Sec. 16. **[424A.015] GENERALLY APPLICABLE VOLUNTEER**  
 5.35 **FIREFIGHTERS' RELIEF ASSOCIATION PENSION PLAN REGULATION.**

6.1 Subdivision 1. **Separation from active service; exception.** (a) No service pension  
6.2 is payable to any person while the person remains an active member of the respective fire  
6.3 department, and no person who is receiving a service pension is entitled to receive any  
6.4 other benefits from the special fund of the relief association.

6.5 (b) No relief association as defined in section 424A.001, subdivision 4, may pay  
6.6 a service pension or disability benefit to a former member of the relief association if  
6.7 that person has not separated from active service with the fire department to which the  
6.8 relief association is directly associated, unless: (1) the person is employed subsequent  
6.9 to retirement by the municipality or the independent nonprofit firefighting corporation,  
6.10 whichever applies, to perform duties within the municipal fire department or corporation  
6.11 on a full-time basis; (2) the governing body of the municipality or of the corporation has  
6.12 filed its determination with the board of trustees of the relief association that the person's  
6.13 experience with and service to the fire department in that person's full-time capacity would  
6.14 be difficult to replace; and (3) the bylaws of the relief association were amended to provide  
6.15 for the payment of a service pension or disability benefit for such full-time employees.

6.16 Subd. 2. **No assignment or garnishment.** No service pension or ancillary benefits  
6.17 paid or payable from the special fund of a relief association to any person receiving  
6.18 or entitled to receive a service pension or ancillary benefits is subject to garnishment,  
6.19 judgment, execution, or other legal process, except as provided in section 518.58, 518.581,  
6.20 or 518A.53. No person entitled to a service pension or ancillary benefits from the special  
6.21 fund of a relief association may assign any service pension or ancillary benefit payments,  
6.22 and the association does not have the authority to recognize any assignment or pay over  
6.23 any sum which has been assigned.

6.24 Subd. 3. **Purchase of annuity contract.** A relief association that provides a service  
6.25 pension in a single payment, if the governing articles of incorporation or bylaws so  
6.26 provide, may purchase an annuity contract on behalf of a retiring member in an amount  
6.27 equal to the service pension otherwise payable at the request of the person and in place of  
6.28 a direct payment to the person. The annuity contract must be purchased from an insurance  
6.29 carrier licensed to do business in this state.

6.30 Subd. 4. **Transfer to individual retirement account.** A relief association that  
6.31 is a qualified pension plan under section 401(a) of the federal Internal Revenue Code,  
6.32 as amended, and that provides a single payment service pension, at the written request  
6.33 of the applicable retiring member or, following the death of the active member, at  
6.34 the written request of the deceased member's surviving spouse, may directly transfer  
6.35 on an institution-to-institution basis the eligible member's lump sum pension or the  
6.36 death, funeral, or survivor benefit attributable to the member, whichever applies, to the

7.1 requesting person's individual retirement account under section 408(a) of the federal  
7.2 Internal Revenue Code, as amended.

7.3 **Sec. 17. [424A.016] DEFINED CONTRIBUTION VOLUNTEER**  
7.4 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.**

7.5 Subdivision 1. **Defined contribution relief association authorization.** If the  
7.6 articles of incorporation or the bylaws governing the volunteer firefighters' relief  
7.7 association so provide exclusively, the relief association may pay a defined contribution  
7.8 lump sum service pension instead of a defined benefit service pension governed by section  
7.9 424A.02.

7.10 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
7.11 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
7.12 special fund a service pension to each of its members who: (1) separates from active  
7.13 service with the fire department; (2) reaches age 50; (3) completes at least five years of  
7.14 active service as an active member of the municipal fire department to which the relief  
7.15 association is associated; (4) completes at least five years of active membership with  
7.16 the relief association before separation from active service; and (5) complies with any  
7.17 additional conditions as to age, service, and membership that are prescribed by the bylaws  
7.18 of the relief association.

7.19 (b) In the case of a member who has completed at least five years of active service as  
7.20 an active member of the fire department to which the relief association is associated on  
7.21 the date that the relief association is established and incorporated, the requirement that  
7.22 the member complete at least five years of active membership with the relief association  
7.23 before separation from active service may be waived by the board of trustees of the relief  
7.24 association if the member completes at least five years of inactive membership with the  
7.25 relief association before the date of the payment of the service pension. During the period  
7.26 of inactive membership, the member is not entitled to receive any disability benefit  
7.27 coverage, is not entitled to receive additional individual account allocation of fire state  
7.28 aid or municipal contribution towards a service pension, and is considered to have the  
7.29 status of a person entitled to a deferred service pension.

7.30 (c) The service pension earned by a volunteer under this chapter and the articles  
7.31 of incorporation and bylaws of the relief association may be paid whether or not the  
7.32 municipality or nonprofit firefighting corporation to which the relief association is  
7.33 associated qualifies for the receipt of fire state aid under chapter 69.

7.34 Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a  
7.35 defined contribution relief association so provide, a relief association may pay a reduced

8.1 service pension not to exceed the nonforfeitable percentage of the account balance to a  
 8.2 retiring member who has completed fewer than 20 years of service. The reduced service  
 8.3 pension may be paid when the retiring member meets the minimum age and service  
 8.4 requirements of subdivision 2. The nonforfeitable percentage of pension amounts are  
 8.5 as follows:

	<u>Completed Years of Service</u>	<u>Nonforfeitable Percentage of Pension Amount</u>
8.8	<u>5</u>	<u>40 percent</u>
8.9	<u>6</u>	<u>52 percent</u>
8.10	<u>7</u>	<u>64 percent</u>
8.11	<u>8</u>	<u>76 percent</u>
8.12	<u>9</u>	<u>88 percent</u>
8.13	<u>10 and thereafter</u>	<u>100 percent</u>

8.14 Subd. 4. **Individual accounts.** (a) An individual account must be established for  
 8.15 each firefighter who is a member of the relief association.

8.16 (b) To each individual active member account must be credited an equal share of:  
 8.17 (1) any amounts of fire state aid received by the relief association; (2) any amounts of  
 8.18 municipal contributions to the relief association raised from levies on real estate or  
 8.19 from other available municipal revenue sources exclusive of fire state aid; and (3) any  
 8.20 amounts equal to the share of the assets of the special fund to the credit of: (i) any  
 8.21 former member who terminated active service with the fire department to which the relief  
 8.22 association is associated before meeting the minimum service requirement provided for  
 8.23 in paragraph (b) and has not returned to active service with the fire department for a  
 8.24 period no shorter than five years; or (ii) any retired member who retired before obtaining  
 8.25 a full nonforfeitable interest in the amounts credited to the individual member account  
 8.26 under paragraph (b) and any applicable provision of the bylaws of the relief association.  
 8.27 In addition, any investment return on the assets of the special fund must be credited in  
 8.28 proportion to the share of the assets of the special fund to the credit of each individual  
 8.29 active member account. Administrative expenses of the relief association payable from  
 8.30 the special fund may be deducted from individual accounts in a manner specified in the  
 8.31 bylaws of the relief association.

8.32 (c) Amounts to be credited to individual accounts must be allocated uniformly  
 8.33 for all years of active service and allocations must be made for all years of service,  
 8.34 except as otherwise provided in this section. The allocation method may utilize monthly  
 8.35 proration for fractional years of service, if the bylaws or articles of incorporation of the  
 8.36 relief association so provide.



9.1 (d) At the time of retirement under subdivision 2 and any applicable provision of the  
9.2 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
9.3 of the special fund to the credit of the member in the individual member account which is  
9.4 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
9.5 association based on the number of years of service to the credit of the retiring member.

9.6 (e) Annually, the secretary of the relief association shall certify the individual  
9.7 account allocations to the state auditor at the same time that the annual financial statement  
9.8 or financial report and audit of the relief association, whichever applies, is due under  
9.9 section 69.051.

9.10 Subd. 5. **Service pension installment payments.** A defined contribution relief  
9.11 association, if the governing bylaws so provide, may pay, at the option of the retiring  
9.12 member and in lieu of a single payment of a service pension, the service pension in  
9.13 installments. The election of installment payments is irrevocable and must be made by the  
9.14 retiring member in writing and filed with the secretary of the relief association no later  
9.15 than 30 days before the commencement of payment of the service pension. The amount of  
9.16 the installment payments must be the fractional portion of the remaining account balance  
9.17 equal to one divided by the number of remaining annual installment payments.

9.18 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
9.19 to a deferred service pension if the member:

9.20 (1) has completed the lesser of the minimum period of active service with the fire  
9.21 department specified in the bylaws or 20 years of active service with the fire department;

9.22 (2) has completed at least five years of active membership in the relief association;

9.23 and

9.24 (3) separates from active service and membership before reaching age 50 or the  
9.25 minimum age for retirement and commencement of a service pension specified in the  
9.26 bylaws governing the relief association if that age is greater than age 50.

9.27 (b) The deferred service pension is payable when the former member reaches age  
9.28 50, or the minimum age specified in the bylaws governing the relief association if that age  
9.29 is greater than age 50, and when the former member makes a valid written application.

9.30 (c) A defined contribution relief association may, if its governing bylaws so provide,  
9.31 credit interest or additional investment performance on the deferred lump sum service  
9.32 pension during the period of deferral. If provided for in the bylaws, the interest must be  
9.33 paid:

9.34 (1) at the investment performance rate actually earned on that portion of the assets  
9.35 if the deferred benefit amount is invested by the relief association in a separate account

10.1 established and maintained by the relief association or if the deferred benefit amount is  
10.2 invested in a separate investment vehicle held by the relief association; or

10.3 (2) the investment return on the assets of the special fund of the defined contribution  
10.4 volunteer firefighter relief association in proportion to the share of the assets of the special  
10.5 fund to the credit of each individual deferred member account through the date on which  
10.6 the investment return is recognized by and credited to the special fund.

10.7 (d) The deferred service pension is governed by and must be calculated under  
10.8 the general statute, special law, relief association articles of incorporation, and relief  
10.9 association bylaw provisions applicable on the date on which the member separated from  
10.10 active service with the fire department and active membership in the relief association.

10.11 Subd. 7. **Limitation on ancillary benefits** A defined contribution relief association  
10.12 may only pay an ancillary benefit which would constitute an authorized disbursement as  
10.13 specified in section 424A.05. The ancillary benefit for active members must equal the  
10.14 vested or nonvested amount of the individual account of the member.

10.15 For deferred members, the ancillary benefit must equal the vested amount of the  
10.16 individual account of the member. For the recipient of installment payments of a service  
10.17 pension, the ancillary benefit must equal the remaining balance in the individual account  
10.18 of the recipient.

10.19 Subd. 8. **Repayment of service pension in certain instances.** If a retired volunteer  
10.20 firefighter does not permanently separate from active firefighting service as required  
10.21 by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a  
10.22 firefighter in the same volunteer fire department or as a person in charge of firefighters in  
10.23 the same volunteer fire department, no additional service pension amount is payable to the  
10.24 person, no additional individual account allocation may be made to the person, and the  
10.25 person must repay to the relief association any previously received service pension.

10.26 Subd. 9. **Filing of bylaw amendments.** Each relief association to which this section  
10.27 applies must file a revised copy of its governing bylaws with the state auditor upon the  
10.28 adoption of any amendment to its governing bylaws by the relief association. Failure of  
10.29 the relief association to file a copy of the bylaws or any bylaw amendments with the state  
10.30 auditor disqualifies the municipality from the distribution of any future fire state aid until  
10.31 this filing requirement has been completed.

10.32 Sec. 18. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

10.33 **424A.02 DEFINED BENEFIT VOLUNTEER FIREFIGHTERS**  
10.34 **FIREFIGHTERS' RELIEF ASSOCIATIONS; SERVICE PENSIONS.**

11.1 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its  
11.2 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund  
11.3 a service pension to each of its members who: (1) separates from active service with the  
11.4 fire department; (2) reaches age 50; (3) completes at least five years of active service  
11.5 as an active member of the municipal fire department to which the relief association  
11.6 is associated; (4) completes at least five years of active membership with the relief  
11.7 association before separation from active service; and (5) complies with any additional  
11.8 conditions as to age, service, and membership that are prescribed by the bylaws of the  
11.9 relief association. A service pension computed under this section may be prorated  
11.10 monthly for fractional years of service, if the bylaws or articles of incorporation of the  
11.11 relief association so provide. The service pension earned by a volunteer firefighter under  
11.12 this chapter and the articles of incorporation and bylaws of the volunteer firefighters'  
11.13 relief association may be paid whether or not the municipality or nonprofit firefighting  
11.14 corporation to which the relief association is associated qualifies for the receipt of fire  
11.15 state aid under chapter 69.

11.16 (b) In the case of a member who has completed at least five years of active service as  
11.17 an active member of the fire department to which the relief association is associated on  
11.18 the date that the relief association is established and incorporated, the requirement that  
11.19 the member complete at least five years of active membership with the relief association  
11.20 before separation from active service may be waived by the board of trustees of the relief  
11.21 association if the member completes at least five years of inactive membership with the  
11.22 relief association before the date of the payment of the service pension. During the  
11.23 period of inactive membership, the member is not entitled to receive disability benefit  
11.24 coverage, is not entitled to receive additional service credit towards computation of a  
11.25 service pension, and is considered to have the status of a person entitled to a deferred  
11.26 service pension under subdivision 7.

11.27 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
11.28 take final action in setting a service pension or ancillary benefit amount or level to the  
11.29 board of trustees of the relief association or to approve in advance a service pension or  
11.30 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
11.31 would allow rather than a specific dollar amount or level.

11.32 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
11.33 service pension or disability benefit to a former member of the relief association if that  
11.34 person has not separated from active service with the fire department to which the relief  
11.35 association is directly associated, unless:

12.1 (1) the person is employed subsequent to retirement by the municipality or the  
 12.2 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
 12.3 the municipal fire department or corporation on a full-time basis;

12.4 (2) the governing body of the municipality or of the corporation has filed its  
 12.5 determination with the board of trustees of the relief association that the person's  
 12.6 experience with and service to the fire department in that person's full-time capacity  
 12.7 would be difficult to replace; and

12.8 (3) the bylaws of the relief association were amended to provide for the payment of  
 12.9 a service pension or disability benefit for such full-time employees.

12.10 Sec. 19. Minnesota Statutes 2008, section 424A.02, subdivision 2, is amended to read:

12.11 Subd. 2. **Nonforfeitable portion of service pension.** If the articles of incorporation  
 12.12 or bylaws of a defined benefit relief association so provide, ~~a~~ the relief association may  
 12.13 pay a reduced service pension to a retiring member who has completed fewer than 20  
 12.14 years of service. The reduced service pension may be paid when the retiring member  
 12.15 meets the minimum age and service requirements of subdivision 1.

12.16 The amount of the reduced service pension may not exceed the amount calculated by  
 12.17 multiplying the service pension appropriate for the completed years of service as specified  
 12.18 in the bylaws ~~times~~ multiplied by the applicable nonforfeitable percentage of pension.

12.19 For a defined benefit volunteer firefighter relief association that pays a lump-sum  
 12.20 service pension, a monthly benefit service pension, or a lump-sum service pension or a  
 12.21 monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage  
 12.22 of pension amounts are as follows:

12.23	Completed Years of Service	Nonforfeitable Percentage
12.24		of Pension Amount
12.25	5	40 percent
12.26	6	44 percent
12.27	7	48 percent
12.28	8	52 percent
12.29	9	56 percent
12.30	10	60 percent
12.31	11	64 percent
12.32	12	68 percent
12.33	13	72 percent
12.34	14	76 percent
12.35	15	80 percent
12.36	16	84 percent
12.37	17	88 percent
12.38	18	92 percent

13.1	19	96 percent
13.2	20 and thereafter	100 percent

13.3 ~~For a volunteer firefighter relief association that pays a defined contribution service~~  
 13.4 ~~pension, the nonforfeitable percentage of pension amounts are as follows:~~

13.5	<del>Completed Years of Service</del>	<del>Nonforfeitable Percentage</del>
13.6		<del>of Pension Amount</del>
13.7	<del>5</del>	<del>40 percent</del>
13.8	<del>6</del>	<del>52 percent</del>
13.9	<del>7</del>	<del>64 percent</del>
13.10	<del>8</del>	<del>76 percent</del>
13.11	<del>9</del>	<del>88 percent</del>
13.12	<del>10 and thereafter</del>	<del>100 percent</del>

13.13 Sec. 20. Minnesota Statutes 2008, section 424A.02, subdivision 3, is amended to read:

13.14 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1  
 13.15 as part of the certification of the financial requirements and minimum municipal obligation  
 13.16 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,  
 13.17 the secretary or some other official of the relief association designated in the bylaws of  
 13.18 each defined benefit relief association shall calculate and certify to the governing body  
 13.19 of the applicable qualified municipality the average amount of available financing per  
 13.20 active covered firefighter for the most recent three-year period. The amount of available  
 13.21 financing ~~shall include~~ includes any amounts of fire state aid received or receivable by the  
 13.22 relief association, any amounts of municipal contributions to the relief association raised  
 13.23 from levies on real estate or from other available revenue sources exclusive of fire state  
 13.24 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
 13.25 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;  
 13.26 or 69.774, subdivision 2, if any.

13.27 (b) The maximum service pension which the defined benefit relief association has  
 13.28 authority to provide for in its bylaws for payment to a member retiring after the calculation  
 13.29 date when the minimum age and service requirements specified in subdivision 1 are met  
 13.30 must be determined using the table in paragraph (c) or (d), whichever applies.

13.31 (c) For a defined benefit relief association where the governing bylaws provide for  
 13.32 a monthly service pension to a retiring member, the maximum monthly service pension  
 13.33 amount per month for each year of service credited that may be provided for in the bylaws  
 13.34 is the greater of the service pension amount provided for in the bylaws on the date of the  
 13.35 calculation of the average amount of the available financing per active covered firefighter

14.1 or the maximum service pension figure corresponding to the average amount of available  
 14.2 financing per active covered firefighter:

14.3	Minimum Average Amount of Available	Maximum Service Pension Amount
14.4	Financing per Firefighter	Payable per Month for Each
14.5		Year of Service
14.6	\$ ...	\$ .25
14.7	41	.50
14.8	81	1.00
14.9	122	1.50
14.10	162	2.00
14.11	203	2.50
14.12	243	3.00
14.13	284	3.50
14.14	324	4.00
14.15	365	4.50
14.16	405	5.00
14.17	486	6.00
14.18	567	7.00
14.19	648	8.00
14.20	729	9.00
14.21	810	10.00
14.22	891	11.00
14.23	972	12.00
14.24	1053	13.00
14.25	1134	14.00
14.26	1215	15.00
14.27	1296	16.00
14.28	1377	17.00
14.29	1458	18.00
14.30	1539	19.00
14.31	1620	20.00
14.32	1701	21.00
14.33	1782	22.00
14.34	1823	22.50
14.35	1863	23.00
14.36	1944	24.00
14.37	2025	25.00
14.38	2106	26.00
14.39	2187	27.00
14.40	2268	28.00
14.41	2349	29.00
14.42	2430	30.00
14.43	2511	31.00
14.44	2592	32.00

15.1	2673	33.00
15.2	2754	34.00
15.3	2834	35.00
15.4	2916	36.00
15.5	2997	37.00
15.6	3078	38.00
15.7	3159	39.00
15.8	3240	40.00
15.9	3321	41.00
15.10	3402	42.00
15.11	3483	43.00
15.12	3564	44.00
15.13	3645	45.00
15.14	3726	46.00
15.15	3807	47.00
15.16	3888	48.00
15.17	3969	49.00
15.18	4050	50.00
15.19	4131	51.00
15.20	4212	52.00
15.21	4293	53.00
15.22	4374	54.00
15.23	4455	55.00
15.24	4536	56.00
15.25	Effective beginning December 31, 2008	
15.26	4617	57.00
15.27	4698	58.00
15.28	4779	59.00
15.29	4860	60.00
15.30	4941	61.00
15.31	5022	62.00
15.32	5103	63.00
15.33	5184	64.00
15.34	5265	65.00
15.35	Effective beginning December 31, 2009	
15.36	5346	66.00
15.37	5427	67.00
15.38	5508	68.00
15.39	5589	69.00
15.40	5670	70.00
15.41	5751	71.00
15.42	5832	72.00
15.43	5913	73.00

16.1	5994	74.00
16.2	Effective beginning December 31, 2010	
16.3	6075	75.00
16.4	6156	76.00
16.5	6237	77.00
16.6	6318	78.00
16.7	6399	79.00
16.8	6480	80.00
16.9	6561	81.00
16.10	6642	82.00
16.11	6723	83.00
16.12	Effective beginning December 31, 2011	
16.13	6804	84.00
16.14	6885	85.00
16.15	6966	86.00
16.16	7047	87.00
16.17	7128	88.00
16.18	7209	89.00
16.19	7290	90.00
16.20	7371	91.00
16.21	7452	92.00
16.22	Effective beginning December 31, 2012	
16.23	7533	93.00
16.24	7614	94.00
16.25	7695	95.00
16.26	7776	96.00
16.27	7857	97.00
16.28	7938	98.00
16.29	8019	99.00
16.30	8100	100.00
16.31	any amount in excess of	
16.32	8100	100.00

16.33 (d) For a defined benefit relief association in which the governing bylaws provide  
16.34 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
16.35 pension amount for each year of service credited that may be provided for in the bylaws is  
16.36 the greater of the service pension amount provided for in the bylaws on the date of the  
16.37 calculation of the average amount of the available financing per active covered firefighter  
16.38 or the maximum service pension figure corresponding to the average amount of available  
16.39 financing per active covered firefighter for the applicable specified period:



17.1 17.2 17.3 17.4 17.5 17.6 17.7 17.8 17.9 17.10 17.11 17.12 17.13 17.14 17.15 17.16 17.17 17.18 17.19 17.20 17.21 17.22 17.23 17.24 17.25 17.26 17.27 17.28 17.29 17.30 17.31 17.32 17.33 17.34 17.35 17.36 17.37 17.38 17.39 17.40 17.41 17.42 17.43 17.44	Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
	\$ ...	\$ 10
	11	20
	16	30
	23	40
	27	50
	32	60
	43	80
	54	100
	65	120
	77	140
	86	160
	97	180
	108	200
	131	240
	151	280
	173	320
	194	360
	216	400
	239	440
	259	480
	281	520
	302	560
	324	600
	347	640
	367	680
	389	720
	410	760
	432	800
	486	900
	540	1000
	594	1100
	648	1200
	702	1300
	756	1400
	810	1500
	864	1600
	918	1700
	972	1800
	1026	1900
	1080	2000
	1134	2100

18.1	1188	2200
18.2	1242	2300
18.3	1296	2400
18.4	1350	2500
18.5	1404	2600
18.6	1458	2700
18.7	1512	2800
18.8	1566	2900
18.9	1620	3000
18.10	1672	3100
18.11	1726	3200
18.12	1753	3250
18.13	1780	3300
18.14	1820	3375
18.15	1834	3400
18.16	1888	3500
18.17	1942	3600
18.18	1996	3700
18.19	2023	3750
18.20	2050	3800
18.21	2104	3900
18.22	2158	4000
18.23	2212	4100
18.24	2265	4200
18.25	2319	4300
18.26	2373	4400
18.27	2427	4500
18.28	2481	4600
18.29	2535	4700
18.30	2589	4800
18.31	2643	4900
18.32	2697	5000
18.33	2751	5100
18.34	2805	5200
18.35	2859	5300
18.36	2913	5400
18.37	2967	5500
18.38	3021	5600
18.39	3075	5700
18.40	3129	5800
18.41	3183	5900
18.42	3237	6000
18.43	3291	6100

19.1	3345	6200
19.2	3399	6300
19.3	3453	6400
19.4	3507	6500
19.5	3561	6600
19.6	3615	6700
19.7	3669	6800
19.8	3723	6900
19.9	3777	7000
19.10	3831	7100
19.11	3885	7200
19.12	3939	7300
19.13	3993	7400
19.14	4047	7500
19.15	Effective beginning December 31, 2008	
19.16	4101	7600
19.17	4155	7700
19.18	4209	7800
19.19	4263	7900
19.20	4317	8000
19.21	4371	8100
19.22	4425	8200
19.23	4479	8300
19.24	Effective beginning December 31, 2009	
19.25	4533	8400
19.26	4587	8500
19.27	4641	8600
19.28	4695	8700
19.29	4749	8800
19.30	4803	8900
19.31	4857	9000
19.32	4911	9100
19.33	Effective beginning December 31, 2010	
19.34	4965	9200
19.35	5019	9300
19.36	5073	9400
19.37	5127	9500
19.38	5181	9600
19.39	5235	9700
19.40	5289	9800
19.41	5343	9900
19.42	5397	10,000

20.1 any amount in excess of  
 20.2 5397 10,000

20.3 (e) For a defined benefit relief association in which the governing bylaws provide  
 20.4 for a monthly benefit service pension as an alternative form of service pension payment  
 20.5 to a lump-sum service pension, the maximum service pension amount for each pension  
 20.6 payment type must be determined using the applicable table contained in this subdivision.

20.7 (f) If a defined benefit relief association establishes a service pension in compliance  
 20.8 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
 20.9 amount of available financing per active covered firefighter is subsequently reduced  
 20.10 because of a reduction in fire state aid or because of an increase in the number of active  
 20.11 firefighters, the relief association may continue to provide the prior service pension  
 20.12 amount specified in its bylaws, but may not increase the service pension amount until  
 20.13 the minimum average amount of available financing per firefighter under the table in  
 20.14 paragraph (c) or (d), whichever applies, permits.

20.15 (g) No defined benefit relief association is authorized to provide a service pension in  
 20.16 an amount greater than the largest applicable flexible service pension maximum amount  
 20.17 even if the amount of available financing per firefighter is greater than the financing  
 20.18 amount associated with the largest applicable flexible service pension maximum.

20.19 (h) The method of calculating service pensions must be applied uniformly for all  
 20.20 years of active service and credit must be given for all years of active service except as  
 20.21 otherwise provided in this section.

20.22 Sec. 21. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

20.23 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
 20.24 If a defined benefit relief association pays a service pension greater than the maximum  
 20.25 service pension associated with the applicable average amount of available financing per  
 20.26 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
 20.27 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable  
 20.28 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
 20.29 less, the state auditor shall:

20.30 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
 20.31 with the relief association from receiving fire state aid by making the appropriate  
 20.32 notification to the municipality and the commissioner of revenue, with the disqualification  
 20.33 applicable for the next apportionment and payment of fire state aid; and

20.34 (2) recover the amount of the overpaid service pension or pensions from any retired  
 20.35 firefighter who received an overpayment.

21.1 (b) Fire state aid amounts from disqualified municipalities for the period of  
21.2 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
21.3 fire insurance premium tax proceeds available for the next subsequent fire state aid  
21.4 apportionment.

21.5 (c) The amount of any overpaid service pension recovered under paragraph (a),  
21.6 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
21.7 available for the next subsequent fire state aid apportionment.

21.8 (d) The determination of the state auditor that a relief association has paid a service  
21.9 pension greater than the applicable maximum must be made on the basis of the information  
21.10 filed by the relief association and the municipality with the state auditor under sections  
21.11 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
21.12 relevant information that comes to the attention of the state auditor. The determination  
21.13 of the state auditor is final. An aggrieved municipality, relief association, or person may  
21.14 appeal the determination under section 480A.06.

21.15 Sec. 22. Minnesota Statutes 2008, section 424A.02, subdivision 7, is amended to read:

21.16 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
21.17 association is entitled to a deferred service pension if the member:

21.18 (1) has completed the lesser of either the minimum period of active service with  
21.19 the fire department specified in the bylaws or 20 years of active service with the fire  
21.20 department;

21.21 (2) has completed at least five years of active membership in the relief association;  
21.22 and

21.23 (3) separates from active service and membership before reaching age 50 or the  
21.24 minimum age for retirement and commencement of a service pension specified in the  
21.25 bylaws governing the relief association if that age is greater than age 50.

21.26 (b) The deferred service pension is payable when the former member reaches age  
21.27 50, or the minimum age specified in the bylaws governing the relief association if that age  
21.28 is greater than age 50, and when the former member makes a valid written application.

21.29 (c) A defined benefit relief association that provides a lump sum service pension  
21.30 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
21.31 deferred lump sum service pension during the period of deferral. If provided for in the  
21.32 bylaws, interest must be paid in one of the following manners:

21.33 (1) at the investment performance rate actually earned on that portion of the assets  
21.34 if the deferred benefit amount is invested by the relief association in a separate account

22.1 established and maintained by the relief association or if the deferred benefit amount is  
 22.2 invested in a separate investment vehicle held by the relief association; or

22.3 (2) at an interest rate of up to five percent, compounded annually, as set by the board  
 22.4 of directors and approved as provided in subdivision 10.

22.5 (d) Interest under paragraph (c), clause (2), is payable following the date on which  
 22.6 the municipality has approved the deferred service pension interest rate established by  
 22.7 the board of trustees.

22.8 ~~(e) A relief association that provides a defined contribution service pension may,~~  
 22.9 ~~if its governing bylaws so provide, credit interest or additional investment performance~~  
 22.10 ~~on the deferred lump sum service pension during the period of deferral. If provided for~~  
 22.11 ~~in the bylaws, the interest must be paid in one of the manners specified in paragraph~~  
 22.12 ~~(c) or alternatively the relief association may credit any investment return on the assets~~  
 22.13 ~~of the special fund of the defined contribution volunteer firefighter relief association in~~  
 22.14 ~~proportion to the share of the assets of the special fund to the credit of each individual~~  
 22.15 ~~deferred member account through the date on which the investment return is recognized~~  
 22.16 ~~by and credited to the special fund.~~

22.17 ~~(f)~~ For a deferred service pension that is transferred to a separate account established  
 22.18 and maintained by the relief association or separate investment vehicle held by the relief  
 22.19 association, the deferred member bears the full investment risk subsequent to transfer and  
 22.20 in calculating the accrued liability of the volunteer firefighters relief association that pays  
 22.21 a lump sum service pension, the accrued liability for deferred service pensions is equal  
 22.22 to the separate relief association account balance or the fair market value of the separate  
 22.23 investment vehicle held by the relief association.

22.24 ~~(g)~~ (f) The deferred service pension is governed by and must be calculated under  
 22.25 the general statute, special law, relief association articles of incorporation, and relief  
 22.26 association bylaw provisions applicable on the date on which the member separated from  
 22.27 active service with the fire department and active membership in the relief association.

22.28 Sec. 23. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

22.29 Subd. 8. **Lump sum service pensions; installment payments.** ~~Any~~ A defined  
 22.30 benefit relief association, if the governing bylaws so provide, may pay, at the option of  
 22.31 the retiring member and in lieu of a single payment of a lump sum service pension, a  
 22.32 lump sum service pension in installments.

22.33 The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must  
 22.34 be made by the retiring member in writing and filed with the secretary of the relief  
 22.35 association no later than 30 days prior to the commencement of payment of the service

23.1 pension. The amount of the installment payments ~~shall~~ must be determined so that the  
23.2 present value of the aggregate installment payments computed at an interest rate of five  
23.3 percent, compounded annually, is equal to the amount of the single lump sum payment  
23.4 which would have been made had the installment payments option not been elected.  
23.5 The payment of each installment ~~shall~~ must include interest at the rate of five percent,  
23.6 compounded annually on the reserve supporting the remaining installment payments as  
23.7 of the date on which the previous installment payment was paid and computed from the  
23.8 date on which the previous installment payment was paid to the date of payment for  
23.9 the current installment payment.

23.10 To the extent that the ~~commissioner of commerce~~ state auditor deems it to be  
23.11 necessary or practical, the ~~commissioner~~ state auditor may specify and issue procedures,  
23.12 forms or mathematical tables for use in performing the calculations required ~~pursuant to~~  
23.13 under this subdivision.

23.14 Sec. 24. Minnesota Statutes 2008, section 424A.02, subdivision 9, is amended to read:

23.15 Subd. 9. **Limitation on ancillary benefits.** ~~Any~~ A defined benefit relief association,  
23.16 including any volunteer firefighters relief association governed by section 69.77 or any  
23.17 volunteer firefighters division of a relief association governed by chapter 424, may only  
23.18 pay ancillary benefits which would constitute an authorized disbursement as specified in  
23.19 section 424A.05 subject to the following requirements or limitations:

23.20 (1) with respect to a defined benefit relief association in which governing bylaws  
23.21 provide for a lump sum service pension to a retiring member, no ancillary benefit may  
23.22 be paid to any former member or paid to any person on behalf of any former member  
23.23 after the former member (i) terminates active service with the fire department and active  
23.24 membership in the relief association; and (ii) commences receipt of a service pension as  
23.25 authorized under this section; and

23.26 (2) with respect to any defined benefit relief association, no ancillary benefit paid or  
23.27 payable to any member, to any former member, or to any person on behalf of any member  
23.28 or former member, may exceed in amount the total earned service pension of the member  
23.29 or former member. The total earned service pension must be calculated by multiplying  
23.30 the service pension amount specified in the bylaws of the relief association at the time of  
23.31 death or disability, whichever applies, by the years of service credited to the member or  
23.32 former member. The years of service must be determined as of (i) the date the member or  
23.33 former member became entitled to the ancillary benefit; or (ii) the date the member or  
23.34 former member died entitling a survivor or the estate of the member or former member to  
23.35 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the

24.1 member had attained the minimum amount of service and membership credit specified in  
24.2 the governing bylaws. For active members, the amount of a permanent disability benefit  
24.3 or a survivor benefit must be equal to the member's total earned service pension except  
24.4 that the bylaws of ~~any~~ a defined benefit relief association may provide for the payment of  
24.5 a survivor benefit in an amount not to exceed five times the yearly service pension amount  
24.6 specified in the bylaws on behalf of any member who dies before having performed five  
24.7 years of active service in the fire department with which the relief association is affiliated.

24.8 Sec. 25. Minnesota Statutes 2008, section 424A.02, subdivision 9a, is amended to read:

24.9 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or  
24.10 special law to the contrary, a defined benefit relief association paying a monthly service  
24.11 pension may provide a postretirement increase to retired members and ancillary benefit  
24.12 recipients of the relief association if (1) the relief association adopts an appropriate bylaw  
24.13 amendment; and (2) the bylaw amendment is approved by the municipality pursuant to  
24.14 subdivision 10 and section 69.773, subdivision 6. The postretirement increase ~~shall be~~  
24.15 is applicable only to retired members and ancillary benefit recipients receiving a service  
24.16 pension or ancillary benefit as of the effective date of the bylaw amendment. The authority  
24.17 to provide a postretirement increase to retired members and ancillary benefit recipients  
24.18 of a relief association contained in this subdivision ~~shall supersede~~ supersedes any prior  
24.19 special law authorization relating to the provision of postretirement increases.

24.20 Sec. 26. Minnesota Statutes 2008, section 424A.02, subdivision 9b, is amended to read:

24.21 Subd. 9b. **Repayment of service pension in certain instances.** If a retired  
24.22 volunteer firefighter does not permanently separate from active firefighting service as  
24.23 required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service  
24.24 as a firefighter in the same volunteer fire department or as a person in charge of firefighters  
24.25 in the same volunteer fire department, no additional service pension amount is payable  
24.26 to the person, no additional service is creditable to the person, and the person ~~shall~~ must  
24.27 repay to the defined benefit relief association any previously received service pension.

24.28 Sec. 27. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

24.29 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
24.30 defined benefit relief association to which this section applies ~~shall~~ must file a revised  
24.31 copy of its governing bylaws with the state auditor upon the adoption of any amendment  
24.32 to its governing bylaws by the relief association or upon the approval of any amendment  
24.33 to its governing bylaws granted by the governing body of each municipality served by the



25.1 fire department to which the relief association is directly associated. Failure of the relief  
25.2 association to file a copy of the bylaws or any bylaw amendments with the state auditor  
25.3 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state  
25.4 aid until this filing requirement has been completed.

25.5 (b) If the special fund of the relief association does not have a surplus over full  
25.6 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or  
25.7 69.773, subdivision 4, and if the municipality is required to provide financial support to  
25.8 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no  
25.9 bylaw amendment which would affect the amount of, the manner of payment of, or the  
25.10 conditions for qualification for service pensions or ancillary benefits or disbursements  
25.11 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable  
25.12 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified  
25.13 by the governing body or bodies of the appropriate municipalities. If the municipality is  
25.14 not required to provide financial support to the special fund ~~pursuant to~~ under this section,  
25.15 the relief association may adopt or amend without municipal ratification its articles  
25.16 of incorporation or bylaws which increase or otherwise affect the service pensions or  
25.17 ancillary benefits payable from the special fund so long as the changes do not cause the  
25.18 amount of the resulting increase in the accrued liability of the special fund to exceed 90  
25.19 percent of the amount of the prior surplus over full funding and the changes do not result  
25.20 in the financial requirements of the special fund exceeding the expected amount of the  
25.21 ~~future~~ subsequent calendar year's fire state aid to be received by the relief association.

25.22 (c) If the relief association pays only a lump sum pension, the financial requirements  
25.23 are to be determined by the board of trustees following the preparation of an estimate  
25.24 of the expected increase in the accrued liability and annual accruing liability of the  
25.25 relief association attributable to the change. If the relief association pays a monthly  
25.26 benefit service pension, the financial requirements are to be determined by the board of  
25.27 trustees following either an updated actuarial valuation including the proposed change  
25.28 or an estimate of the expected actuarial impact of the proposed change prepared by the  
25.29 actuary of the relief association. If a relief association adopts or amends its articles of  
25.30 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,  
25.31 and, subsequent to the amendment or adoption, the financial requirements of the special  
25.32 fund ~~pursuant to~~ under this section are such so as to require financial support from the  
25.33 municipality, the provision which was implemented without municipal ratification ~~shall~~ is  
25.34 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary  
25.35 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of  
25.36 incorporation or bylaws as amended or adopted with municipal ratification.

26.1 Sec. 28. Minnesota Statutes 2008, section 424A.02, subdivision 12, is amended to read:

26.2 Subd. 12. **Transfer of service credit to new district.** Notwithstanding the  
26.3 requirements of subdivision 1 or any other law, a member of a fire department which is  
26.4 disbanded upon formation of a fire district to serve substantially the same geographic  
26.5 area, who serves as an active firefighter with the new district fire department, and is a  
26.6 member of the district firefighters' defined benefit relief association ~~shall be~~ is entitled  
26.7 to a nonforfeitable service pension from the new relief association upon completion of  
26.8 a combined total of 20 years active service in the disbanded and the new departments.  
26.9 The amount of the service pension ~~shall be~~ is based upon years of service in the new  
26.10 department only; and ~~shall~~ must be in an amount equal to the accrued liability for the  
26.11 appropriate years of service calculated in accordance with section 69.772, subdivision 2.

26.12 Sec. 29. Minnesota Statutes 2008, section 424A.02, subdivision 13, is amended to read:

26.13 Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws  
26.14 of the defined benefit relief associations so provide, a volunteer firefighter with credit for  
26.15 service as an active firefighter in more than one defined benefit volunteer firefighters relief  
26.16 association is entitled, when the applicable requirements of paragraph (b) are met and  
26.17 when otherwise qualified, to a prorated service credit from each relief association.

26.18 (b) A volunteer firefighter receiving a prorated service pension under this subdivision  
26.19 must have a total amount of service credit of ten years or more, if the bylaws of every  
26.20 affected relief association ~~does~~ do not require specify only a five-year service vesting  
26.21 requirement, or five years or more, if the bylaws of every affected relief association  
26.22 ~~requires~~ require only a five-year service vesting requirement, as a member of two or more  
26.23 relief associations otherwise qualified. The member must have one year or more of service  
26.24 credit in each relief association. The prorated service pension must be based on the service  
26.25 pension amount in effect for the relief association on the date on which active volunteer  
26.26 firefighting services covered by that relief association terminate. To receive a service  
26.27 pension under this subdivision, the firefighter must become a member of the second or  
26.28 succeeding association and must give notice of membership to the prior association within  
26.29 two years of the date of termination of active service with the prior association. The notice  
26.30 must be attested to by the second or subsequent relief association secretary.

26.31 Sec. 30. Minnesota Statutes 2008, section 424A.021, is amended to read:

26.32 **424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**  
26.33 **SERVICE.**

27.1 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a  
 27.2 volunteer firefighter who is absent from firefighting service due to service in the uniformed  
 27.3 services, as defined in United States Code, title 38, section 4303(13), may obtain service  
 27.4 credit if the relief association is a defined benefit plan or an allocation ~~of any fire state aid,~~  
 27.5 ~~any municipal contributions, and any investment return~~ received by the relief association as  
 27.6 though the person was an active member if the relief association is a defined contribution  
 27.7 plan for the period of the uniformed service, not to exceed five years, unless a longer  
 27.8 period is required under United States Code, title 38, section 4312.

27.9 Subd. 2. **Limitations.** (a) To be eligible for service credit or ~~an investment return~~  
 27.10 an allocation as though an active member under this section, the volunteer firefighter  
 27.11 must return to firefighting service with coverage by the same relief association or by the  
 27.12 successor to that relief association upon discharge from service in the uniformed service  
 27.13 within the time frame required in United States Code, title 38, section 4312(e).

27.14 (b) Service credit or ~~an investment return~~ an allocation as though an active member  
 27.15 is not authorized if the firefighter separates from uniformed service with a dishonorable or  
 27.16 bad conduct discharge or under other than honorable conditions.

27.17 (c) Service credit or ~~an investment return~~ an allocation as though an active member  
 27.18 is not authorized if the firefighter fails to provide notice to the fire department that the  
 27.19 individual is leaving to provide service in the uniformed service, unless it is not feasible to  
 27.20 provide that notice due to the emergency nature of the situation.

27.21 Sec. 31. Minnesota Statutes 2008, section 424A.03, is amended to read:

27.22 **424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE**  
 27.23 **PENSION AND RETIREMENT BENEFITS.**

27.24 Subdivision 1. **Limitation on nonuniformity of pensions.** Every partially salaried  
 27.25 and partially volunteer firefighters' relief association ~~shall~~ must provide service pensions  
 27.26 to volunteer firefighter members based on the years of service of the members not on  
 27.27 the compensation paid to the members for firefighting services. Each relief association  
 27.28 ~~shall~~ must provide service pensions to salaried members as set forth in chapter 424 and  
 27.29 applicable special laws.

27.30 Subd. 2. **Penalties for violations.** ~~Any A~~ Any municipality which has a fire department  
 27.31 ~~to which associated with~~ associated with a relief association which violates the provisions of subdivision  
 27.32 1 is directly associated or which contracts with an independent nonprofit firefighting  
 27.33 corporation ~~of which associated with~~ associated with a relief association which violates the provisions  
 27.34 of subdivision 1 is a subsidiary ~~shall~~ may not be included in the apportionment of fire  
 27.35 state aid ~~by the commissioner of commerce~~ to the applicable county auditor ~~pursuant to~~

28.1 under section 69.021, subdivision 6, and ~~shall~~ may not be included in the apportionment  
28.2 of fire state aid by the county auditor to the various municipalities ~~pursuant to~~ under  
28.3 section 69.021, subdivision 7.

28.4 Subd. 3. **Exception to application of limitation and penalty.** The limitation  
28.5 provided for in subdivision 1 ~~shall~~ does not apply to any relief association which ~~prior to~~  
28.6 before January 1, 1957, had established a definite service pension formula for members  
28.7 of the partially salaried and partially volunteer firefighters' relief association who are  
28.8 regularly employed firefighters.

28.9 Sec. 32. Minnesota Statutes 2008, section 424A.04, is amended to read:

28.10 **424A.04 VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.**

28.11 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
28.12 a municipal fire department must be managed by a board of trustees consisting of nine  
28.13 members. Six trustees must be elected from the membership of the relief association and  
28.14 three trustees must be drawn from the officials of the municipalities served by the fire  
28.15 department to which the relief association is directly associated. The bylaws of a relief  
28.16 association which provides a monthly benefit service pension may provide that one of  
28.17 the six trustees elected from the relief association membership may be a retired member  
28.18 receiving a monthly pension who is elected by the membership of the relief association.  
28.19 The three municipal trustees must be one elected municipal official and one elected or  
28.20 appointed municipal official who are designated as municipal representatives by the  
28.21 municipal governing board annually and the chief of the municipal fire department.

28.22 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
28.23 corporation must be managed by a board of trustees consisting of nine members. Six  
28.24 trustees must be elected from the membership of the relief association, two trustees must  
28.25 be drawn from the officials of the municipalities served by the fire department to which  
28.26 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
28.27 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
28.28 association may provide that one of the six trustees elected from the relief association  
28.29 membership may be a retired member receiving a monthly pension who is elected by the  
28.30 membership of the relief association. The two municipal trustees must be elected or  
28.31 appointed municipal officials, selected as follows:

28.32 (1) if only one municipality contracts with the independent nonprofit firefighting  
28.33 corporation, the municipal trustees must be two officials of the contracting municipality  
28.34 who are designated annually by the governing body of the municipality; or

29.1 (2) if two or more municipalities contract with the independent nonprofit corporation,  
29.2 the municipal trustees must be one official from each of the two largest municipalities  
29.3 in population who are designated annually by the governing bodies of the applicable  
29.4 municipalities.

29.5 (c) The municipal trustees for a relief association that is directly associated with a fire  
29.6 department operated as or by a joint powers entity must be designated annually by the joint  
29.7 powers board. The municipal trustees for a relief association that is directly associated  
29.8 with a fire department service area township must be designated by the township board.

29.9 (d) If a relief association lacks the municipal board members provided for in  
29.10 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
29.11 organized municipality, joint powers entity, or township, the municipal board members  
29.12 must be appointed from the fire department service area by the board of commissioners  
29.13 of the applicable county.

29.14 (e) The term of ~~these~~ appointed municipal board members is one year or until the  
29.15 person's successor is qualified, whichever is later.

29.16 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
29.17 and duties accorded to any other trustee, except the right to be an officer of the relief  
29.18 association board of trustees.

29.19 (g) A board must have at least three officers, who are a president, a secretary and a  
29.20 treasurer. These officers must be elected from among the elected trustees by either the full  
29.21 board of trustees or by the relief association membership, as specified in the bylaws. In  
29.22 no event may any trustee hold more than one officer position at any one time. The terms  
29.23 of the elected trustees and of the officers of the board must be specified in the bylaws of  
29.24 the relief association, but may not exceed three years. If the term of the elected trustees  
29.25 exceeds one year, the election of the various trustees elected from the membership must be  
29.26 staggered on as equal a basis as is practicable.

29.27 Subd. 2. **Fiduciary duty.** The board of trustees of a relief association shall  
29.28 undertake their activities consistent with chapter 356A.

29.29 Subd. 2b. **Fiduciary responsibility.** In the discharge of their respective duties, the  
29.30 officers and trustees shall be held to the standard of care specified in section 11A.09. In  
29.31 addition, the trustees shall act in accordance with chapter 356A. Each member of the board  
29.32 is a fiduciary and shall undertake all fiduciary activities in accordance with the standard  
29.33 of care of section 11A.09, and in a manner consistent with chapter 356A. No fiduciary  
29.34 of a relief association shall cause a relief association to engage in a transaction if the  
29.35 fiduciary knows or should know that the transaction constitutes one of the following direct  
29.36 or indirect transactions: (1) sale or exchange or leasing of any real property between the

30.1 relief association and a board member; (2) lending of money or other extension of credit  
 30.2 between the relief association and a board member or member of the relief association;  
 30.3 (3) furnishing of goods, services, or facilities between the relief association and a board  
 30.4 member; or (4) transfer to a board member, or use by or for the benefit of a board member,  
 30.5 of any assets of the relief association. A transfer of assets does not mean the payment of  
 30.6 relief association benefits or administrative expenses permitted by law.

30.7 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter  
 30.8 relief association ~~hires~~ employs or contracts with a consultant to provide legal or financial  
 30.9 advice, the secretary of the relief association shall obtain and the consultant shall provide  
 30.10 to the secretary of the relief association a copy of the consultant's certificate of insurance.

30.11 (b) A consultant is any person who is employed under contract to provide legal or  
 30.12 financial advice and who is or who represents to the volunteer firefighter relief association  
 30.13 that the person is:

- 30.14 (1) an actuary;  
 30.15 (2) a licensed public accountant or a certified public accountant;  
 30.16 (3) an attorney;  
 30.17 (4) an investment advisor or manager, or an investment counselor;  
 30.18 (5) an investment advisor or manager selection consultant;  
 30.19 (6) a pension benefit design advisor or consultant; or  
 30.20 (7) any other financial consultant.

30.21 Sec. 33. Minnesota Statutes 2008, section 424A.05, subdivision 1, is amended to read:

30.22 Subdivision 1. **Establishment of special fund.** Every volunteer firefighters' relief  
 30.23 association shall establish and maintain a special fund within the relief association.

30.24 Sec. 34. Minnesota Statutes 2008, section 424A.05, subdivision 2, is amended to read:

30.25 Subd. 2. **Special fund assets and revenues.** The special fund ~~shall~~ must be credited  
 30.26 with all fire state aid moneys received ~~pursuant to~~ under sections 69.011 to 69.051,  
 30.27 all taxes levied by or other revenues received from the municipality ~~pursuant to~~ under  
 30.28 sections 69.771 to 69.776 or any applicable special law requiring municipal support for  
 30.29 the relief association, any moneys or property donated, given, granted or devised by any  
 30.30 person which is specified for use for the support of the special fund and any interest or  
 30.31 investment return earned upon the assets of the special fund. The treasurer of the relief  
 30.32 association ~~shall be~~ is the custodian of the assets of the special fund and ~~shall~~ must be the  
 30.33 recipient on behalf of the special fund of all revenues payable to the special fund. The  
 30.34 treasurer shall maintain adequate records documenting any transaction involving the assets

31.1 or the revenues of the special fund. These records and the bylaws of the relief association  
 31.2 ~~shall be~~ are public and ~~shall~~ must be open for inspection by any member of the relief  
 31.3 association, any officer or employee of the state or of the municipality, or any member of  
 31.4 the public, at reasonable times and places.

31.5 Sec. 35. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

31.6 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
 31.7 from the special fund ~~are~~ may not permitted to be made for any purpose other than one of  
 31.8 the following:

31.9 (1) for the payment of service pensions to retired members of the relief association if  
 31.10 authorized and paid under law and the bylaws governing the relief association;

31.11 (2) for the payment of temporary or permanent disability benefits to disabled  
 31.12 members of the relief association if authorized and paid ~~pursuant to~~ under law and  
 31.13 specified in amount in the bylaws governing the relief association;

31.14 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
 31.15 or if none, to designated beneficiaries, of deceased members of the relief association, and  
 31.16 if no survivors and if no designated beneficiary, for the payment of a death benefit to the  
 31.17 estate of the deceased active or deferred firefighter, if authorized by and paid ~~pursuant to~~  
 31.18 under law and specified in amount in the bylaws governing the relief association;

31.19 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
 31.20 Department Association, to the Minnesota Area Relief Association Coalition, and to  
 31.21 the state Volunteer Firefighters Benefit Association in order to entitle relief association  
 31.22 members to membership in and the benefits of these associations or organizations; and

31.23 (5) for the payment of administrative expenses of the relief association as authorized  
 31.24 under section 69.80.

31.25 (b) For purposes of this chapter, a designated beneficiary must be a natural person.

31.26 Sec. 36. Minnesota Statutes 2008, section 424A.05, subdivision 4, is amended to read:

31.27 Subd. 4. **Investments of assets of the special fund.** The assets of the special fund  
 31.28 ~~shall~~ must be invested only in securities authorized by section 69.775.

31.29 Sec. 37. Minnesota Statutes 2008, section 424A.06, is amended to read:

31.30 **424A.06 RELIEF ASSOCIATION GENERAL FUND.**

31.31 Subdivision 1. **Establishment of general fund.** ~~Any~~ A volunteer firefighters' relief  
 31.32 association may establish and maintain a general fund within the relief association.

32.1 Subd. 2. **General fund assets and revenues.** To the general fund, if established,  
 32.2 ~~shall~~ must be credited all moneys received from dues, fines, initiation fees, entertainment  
 32.3 revenues and any moneys or property donated, given, granted or devised by any person,  
 32.4 for unspecified uses. The treasurer of the relief association ~~shall be~~ is the custodian of the  
 32.5 assets of the general fund and ~~shall~~ must be the recipient on behalf of the general fund of  
 32.6 all revenues payable to the general fund. The treasurer shall maintain adequate records  
 32.7 documenting any transaction involving the assets or the revenues of the general fund.  
 32.8 These records ~~shall~~ must be open for inspection by any member of the relief association  
 32.9 at reasonable times and places.

32.10 Subd. 3. **Authorized disbursements from the general fund.** Disbursements from  
 32.11 the general fund may be made for any purpose that is authorized by either the articles of  
 32.12 incorporation or bylaws of the relief association.

32.13 Subd. 4. **Investment of assets of the general fund.** The assets of the general  
 32.14 fund may be invested in any securities that are authorized by the bylaws of the relief  
 32.15 association and may be certified for investment by the State Board of Investment in fixed  
 32.16 income pools or in a separately managed account at the discretion of the State Board of  
 32.17 Investment as provided in section 11A.14.

32.18 Sec. 38. Minnesota Statutes 2008, section 424A.07, is amended to read:

32.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS;**  
 32.20 **ESTABLISHMENT OF RELIEF ASSOCIATIONS.**

32.21 ~~Prior to~~ Before paying any service pensions or retirement benefits ~~pursuant to~~  
 32.22 under section 424A.02 or before becoming entitled to receive any amounts of fire state  
 32.23 aid upon transmittal from a contracting municipality ~~pursuant to~~ under section 69.031,  
 32.24 subdivision 5, a nonprofit firefighting corporation shall establish a volunteer firefighters'  
 32.25 relief association governed by this chapter.

32.26 Sec. 39. Minnesota Statutes 2008, section 424A.08, is amended to read:

32.27 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
 32.28 **AUTHORIZED DISBURSEMENTS.**

32.29 Any qualified municipality which is entitled to receive fire state aid but which has  
 32.30 no volunteer firefighters' relief association directly associated with its fire department  
 32.31 shall deposit the fire state aid in a special account established for that purpose in the  
 32.32 municipal treasury. Disbursement from the special account ~~shall~~ may not be made for  
 32.33 any purpose except:



- 33.1 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
33.2 Department Association and to the state Volunteer Firefighters' Benefit Association in  
33.3 order to entitle its firefighters to membership in and the benefits of these state associations;
- 33.4 (2) payment of the cost of purchasing and maintaining needed equipment for the  
33.5 fire department; and
- 33.6 (3) payment of the cost ~~for~~ of construction, acquisition, repair ~~and~~ or maintenance of  
33.7 buildings or other premises to house the equipment of the fire department.

33.8 Sec. 40. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

33.9 Subdivision 1. **Definitions.** For purposes of this section:

33.10 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
33.11 of pension or retirement benefits from a volunteer firefighters' relief association for service  
33.12 that the individual has performed as a volunteer firefighter;

33.13 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally  
33.14 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or  
33.15 minor children of a deceased volunteer firefighter;

33.16 (3) "active volunteer firefighter" means a person who regularly renders fire  
33.17 suppression service for a municipal fire department or an independent nonprofit firefighting  
33.18 corporation, who has met the statutory and other requirements for relief association  
33.19 membership, and who has been a fully qualified member of the relief association for  
33.20 at least one month; and

33.21 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
33.22 terminated active firefighting service, has sufficient service credit from the applicable  
33.23 relief association to be entitled to a service pension, but has not applied for or has not  
33.24 received the service pension.

33.25 Sec. 41. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

33.26 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
33.27 firefighters' relief association of a lump sum distribution to a qualified recipient, the  
33.28 association must pay a supplemental benefit to the qualified recipient. Notwithstanding  
33.29 any law to the contrary, the relief association must pay the supplemental benefit out of  
33.30 its special fund. ~~The amount of~~ This benefit ~~equals~~ is an amount equal to ten percent of  
33.31 the regular lump sum distribution that is paid on the basis of the recipient's service as  
33.32 a volunteer firefighter. In no case may the amount of the supplemental benefit exceed  
33.33 \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a  
33.34 deceased active or deferred volunteer firefighter in that capacity.

34.1 (b) Upon the payment by a relief association of a lump sum survivor benefit or  
34.2 funeral benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
34.3 deferred volunteer firefighter, the association may pay a supplemental survivor benefit  
34.4 to the survivor of the deceased active or deferred volunteer firefighter from the special  
34.5 fund of the relief association if its articles of incorporation or bylaws so provide. The  
34.6 amount of the supplemental survivor benefit is 20 percent of the survivor benefit or funeral  
34.7 benefit, but not to exceed \$2,000.

34.8 (c) An individual may receive a supplemental benefit under paragraph (a) or under  
34.9 paragraph (b), but not under both paragraphs with respect to one lump sum volunteer  
34.10 firefighter benefit.

34.11 Sec. 42. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

34.12 Subd. 3. **State reimbursement.** (a) By February 15 of each year, the treasurer of  
34.13 the volunteer firefighters' relief association shall apply to the commissioner of revenue  
34.14 for state reimbursement of the amount of supplemental benefits paid under subdivision 2  
34.15 during the preceding calendar year. By March 15, the commissioner shall reimburse the  
34.16 relief association for the amount of the supplemental benefits paid by the relief association  
34.17 to qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

34.18 (b) The commissioner of revenue shall prescribe the form of and supporting  
34.19 information that must be supplied as part of the application for state reimbursement.

34.20 (c) The reimbursement payment must be deposited in the special fund of the relief  
34.21 association.

34.22 (d) A sum sufficient to make the payments is appropriated from the general fund  
34.23 to the commissioner of revenue.

34.24 Sec. 43. Minnesota Statutes 2008, section 424A.10, subdivision 4, is amended to read:

34.25 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided  
34.26 by this section is in lieu of the state income tax exclusion for lump sum distributions of  
34.27 retirement benefits paid to volunteer firefighters.

34.28 (b) If the law is modified to exclude or exempt volunteer firefighters' lump sum  
34.29 distributions from state income taxation, the supplemental benefits under this section  
34.30 ~~may are~~ no longer ~~be paid payable,~~ beginning with the first calendar year in which the  
34.31 exclusion or exemption is effective. This subdivision does not apply to exemption of all or  
34.32 part of a lump sum distribution under section 290.032 or 290.0802.

34.33 Sec. 44. Minnesota Statutes 2008, section 424A.10, subdivision 5, is amended to read:

35.1 Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental  
 35.2 survivor or funeral benefit may be paid by a relief association for the death of an active  
 35.3 volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August  
 35.4 1, 2005, if the relief association articles of incorporation or bylaws ~~so~~ provide for a  
 35.5 supplemental survivor benefit and provide for retroactivity.

35.6 Sec. 45. Minnesota Statutes 2008, section 424B.10, is amended to read:

35.7 **424B.10 CONSOLIDATING DEFINED BENEFIT RELIEF ASSOCIATIONS;**  
 35.8 **BENEFITS; FUNDING.**

35.9 Subd 1a. **Applicability.** This section applies when all of the volunteer firefighters'  
 35.10 relief associations involved in the consolidation are defined benefit relief associations as  
 35.11 defined in section 424A.001, subdivision 1b.

35.12 ~~Subdivision 1~~ Subd. 1a. **Benefits.** (a) The successor relief association following  
 35.13 the consolidation of two or more defined benefit relief associations must be a defined  
 35.14 benefit relief association.

35.15 (b) Notwithstanding any provision of section 424A.02, subdivision 3, to the contrary,  
 35.16 the initial service pension amount of the subsequent defined benefit relief association as  
 35.17 of the effective date of consolidation is either the service pension amount specified in  
 35.18 clause (1) or the service pension amounts specified in clause (2), as provided for in the  
 35.19 consolidated relief association's articles of incorporation or bylaws:

35.20 (1) the highest dollar amount service pension amount of any prior volunteer  
 35.21 firefighters relief association in effect immediately before the consolidation initiation if the  
 35.22 pension amount was implemented consistent with section 424A.02; or

35.23 (2) for service rendered by each individual volunteer firefighter before consolidation,  
 35.24 the service pension amount under the consolidating volunteer firefighters relief association  
 35.25 that the firefighter belonged to immediately before the consolidation if the pension amount  
 35.26 was implemented consistent with section 424A.02 and for service rendered after the  
 35.27 effective date of the consolidation, the highest dollar amount service pension of any of the  
 35.28 consolidating volunteer firefighters relief associations in effect immediately before the  
 35.29 consolidation if the pension amount was implemented consistent with section 424A.02.

35.30 ~~(b)~~ (c) Any increase in the service pension amount beyond the amount implemented  
 35.31 under paragraph (a) must conform with the requirements and limitations of sections  
 35.32 69.771 to 69.775 and section 424A.02.

35.33 Subd. 2. **Funding.** (a) Unless the applicable municipalities agree in writing to  
 35.34 allocate the minimum municipal obligation in a different manner, the minimum municipal

36.1 obligation under section 69.772 or 69.773, whichever applies, must be allocated between  
36.2 the applicable municipalities in proportion to their fire state aid.

36.3 (b) If any applicable municipality fails to meet its portion of the minimum municipal  
36.4 obligation to the subsequent relief association, all other applicable municipalities are  
36.5 jointly obligated to provide the required funding upon certification by the relief association  
36.6 secretary. An applicable municipality that pays the minimum municipal obligation  
36.7 amount for another applicable municipality, the municipality may collect ~~the~~ that payment  
36.8 amount, plus a 25 percent surcharge, from the responsible applicable municipality by any  
36.9 available means, including a deduction from any state aid or payment amount payable  
36.10 to the responsible municipality upon certification of the necessary information to the  
36.11 commissioner of finance.

36.12 Sec. 46. **[424B.11] CONSOLIDATING DEFINED CONTRIBUTION RELIEF**  
36.13 **ASSOCIATIONS; INDIVIDUAL ACCOUNTS; FUNDING.**

36.14 Subdivision 1. **Applicability.** This section applies when all of the volunteer  
36.15 firefighters' relief associations involved in the consolidation are defined contribution relief  
36.16 associations as defined in section 424A.001, subdivision 1c.

36.17 Subd. 2. **Individual accounts.** The successor relief association following the  
36.18 consolidation of two or more defined contribution relief associations must be a defined  
36.19 contribution relief association and the successor relief association board shall establish  
36.20 individual accounts for every active member, deferred member, or retired member  
36.21 receiving installment payments with that status as of the consolidation date. To each  
36.22 individual account the successor relief association must credit the amount to the credit  
36.23 of each person by a predecessor relief association as of the date of consolidation plus a  
36.24 proportional share, based on account value, of any subsequent net revenue during the  
36.25 consolidation process.

36.26 Subd. 3. **Funding.** Unless the articles of incorporation or bylaws of the successor  
36.27 relief association specify that municipal contributions are wholly voluntary or unless the  
36.28 municipalities associated with the consolidating defined contribution relief associations  
36.29 agree in writing to a different municipal support arrangement, each municipality must  
36.30 continue to provide the same amount of municipal support to the successor relief  
36.31 association as the municipality provided to the applicable predecessor relief association in  
36.32 the calendar year immediately prior to the calendar year in which the consolidation occurs.

36.33 Sec. 47. **[424B.12] MIXED CONSOLIDATING RELIEF ASSOCIATIONS;**  
36.34 **BENEFIT PLAN; FUNDING.**

37.1 Subdivision 1. **Applicability.** This section applies where one or more of the  
 37.2 volunteer firefighters' relief associations involved in the consolidation are defined benefit  
 37.3 relief associations as defined in section 424A.001, subdivision 1b, and one or more of  
 37.4 the volunteer firefighters' relief associations involved in the consolidation are defined  
 37.5 contribution relief associations as defined in section 424A.001, subdivision 1c.

37.6 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor  
 37.7 relief association must specify whether the relief association is a defined benefit relief  
 37.8 association or whether the relief association is a defined contribution relief association. If  
 37.9 the successor relief association is a defined benefit relief association, the relief association  
 37.10 benefits must comply with sections 424A.02 and 424B.11, subdivision 1a. If the successor  
 37.11 relief association is a defined contribution relief association, the relief association must  
 37.12 comply with sections 424A.017 and 424B.12, subdivision 2.

37.13 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief  
 37.14 association, the relief association funding is governed by section 424B.11, subdivision 2.  
 37.15 If the successor relief association is a defined contribution relief association, the relief  
 37.16 association funding is governed by section 424B.12, subdivision 3.

37.17 Sec. 48. **REPEALER.**

37.18 Subdivision 1. **Repealed for recodification.** Minnesota Statutes 2008, sections  
 37.19 424A.001, subdivision 7; and 424A.02, subdivisions 4, 6, 8a, and 8b, are repealed.

37.20 Subd. 2. **Repealed as obsolete.** Minnesota Statutes 2008, section 424A.09, is  
 37.21 repealed.

37.22 Sec. 49. **EFFECTIVE DATE.**

37.23 (a) Except as specified in paragraphs (b) and (c), sections 1 to 21, 23 to 31, and 36  
 37.24 to 48 are effective July 1, 2009.

37.25 (b) The reduction in the number of deferred service pension interest options  
 37.26 contained in section 22 is effective January 1, 2010.

37.27 (c) Sections 32 to 35 are effective retroactively from July 1, 2008.

## 37.28 **ARTICLE 2**

### 37.29 **CONFORMING CHANGES**

37.30 Section 1. Minnesota Statutes 2008, section 69.771, subdivision 3, is amended to read:

37.31 **Subd. 3. **Remedy for noncompliance; determination.**** (a) A municipality in which  
 37.32 there exists a firefighters' relief association as specified in subdivision 1 which does not  
 37.33 comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of

38.1 any applicable special law relating to the funding or financing of the association does  
38.2 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid  
38.3 under sections 69.011 to 69.051 until the reason for the disqualification specified by the  
38.4 state auditor is remedied, whereupon the municipality or relief association, if otherwise  
38.5 qualified, is entitled to again receive fire state aid for the year occurring immediately  
38.6 subsequent to the year in which the disqualification is remedied.

38.7 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
38.8 association is directly associated or a firefighters' relief association fails to comply with  
38.9 the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any  
38.10 applicable special law based upon the information contained in the annual financial report  
38.11 of the firefighters' relief association required under section 69.051, the actuarial valuation  
38.12 of the relief association, if applicable, the relief association officers' financial requirements  
38.13 of the relief association and minimum municipal obligation determination documentation  
38.14 under section 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or 69.774,  
38.15 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or  
38.16 nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and  
38.17 any other relevant documents or reports obtained by the state auditor.

38.18 (c) The municipality or nonprofit firefighting corporation and the associated relief  
38.19 association are not eligible to receive or to retain fire state aid if:

38.20 (1) the relief association fails to prepare or to file the financial report or financial  
38.21 statement under section 69.051;

38.22 (2) the relief association treasurer is not bonded in the manner and in the amount  
38.23 required by section 69.051, subdivision 2;

38.24 (3) the relief association officers fail to determine or improperly determine the  
38.25 accrued liability and the annual accruing liability of the relief association under section  
38.26 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

38.27 (4) if applicable, the relief association officers fail to obtain and file a required  
38.28 actuarial valuation or the officers file an actuarial valuation that does not contain the  
38.29 special fund actuarial liability calculated under the entry age normal actuarial cost  
38.30 method, the special fund current assets, the special fund unfunded actuarial accrued  
38.31 liability, the special fund normal cost under the entry age normal actuarial cost method,  
38.32 the amortization requirement for the special fund unfunded actuarial accrued liability  
38.33 by the applicable target date, a summary of the applicable benefit plan, a summary of  
38.34 the membership of the relief association, a summary of the actuarial assumptions used  
38.35 in preparing the valuation, and a signed statement by the actuary attesting to its results

39.1 and certifying to the qualifications of the actuary as an approved actuary under section  
39.2 356.215, subdivision 1, paragraph (c);

39.3 (5) the municipality failed to provide a municipal contribution, or the nonprofit  
39.4 firefighting corporation failed to provide a corporate contribution, in the amount equal  
39.5 to the minimum municipal obligation if the relief association is governed under section  
39.6 69.772, or the amount necessary, when added to the fire state aid actually received  
39.7 in the plan year in question, to at least equal in total the calculated annual financial  
39.8 requirements of the special fund of the relief association if the relief association is  
39.9 governed under section 69.773, and, if the municipal or corporate contribution is deficient,  
39.10 the municipality failed to include the minimum municipal obligation certified under  
39.11 section 69.772, subdivision 3, or 69.773, subdivision 5, in its budget and tax levy or the  
39.12 nonprofit firefighting corporation failed to include the minimum corporate obligation  
39.13 certified under section 69.774, subdivision 2, in the corporate budget;

39.14 (6) the defined benefit relief association did not receive municipal ratification for  
39.15 the most recent plan amendment when municipal ratification was required under section  
39.16 69.772, subdivision 6; 69.773, subdivision 6; or 424A.02, subdivision 10;

39.17 (7) the relief association invested special fund assets in an investment security  
39.18 that is not authorized under section 69.775;

39.19 (8) the relief association had an administrative expense that is not authorized under  
39.20 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that  
39.21 is not authorized under section 424A.08;

39.22 (9) the relief association officers fail to provide a complete and accurate public  
39.23 pension plan investment portfolio and performance disclosure under section 356.219;

39.24 (10) the relief association fails to obtain the acknowledgment from a broker of the  
39.25 statement of investment restrictions under section 356A.06, subdivision 8b;

39.26 (11) the relief association officers permitted to occur a prohibited transaction under  
39.27 section 356A.06, subdivision 9, or ~~424A.001~~ 424A.04, subdivision 7 2a, or failed to  
39.28 undertake correction of a prohibited transaction that did occur; or

39.29 (12) the relief association pays a defined benefit service pension in an amount  
39.30 that is in excess of the applicable service pension maximum under section 424A.02,  
39.31 subdivision 3.

39.32 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1 is also  
39.33 enacted.

40.1 Sec. 2. Minnesota Statutes 2008, section 424B.21, is amended to read:

40.2 **424B.21 ANNUITY PURCHASES UPON DISSOLUTION.**

40.3 The board of trustees of a volunteer firefighters relief association that is scheduled  
40.4 for dissolution may purchase annuity contracts under section ~~424A.02~~ 424A.015,  
40.5 subdivision ~~3~~ 3, instead of transferring special fund assets to a municipal trust fund  
40.6 under section 424B.20, subdivision 4. Payment of an annuity for which a contract is  
40.7 purchased may not commence before the retirement age specified in the relief association  
40.8 bylaws and in compliance with section 424A.016, subdivision 2, or 424A.02, subdivision  
40.9 1. Legal title to the annuity contract transfers to the municipal trust fund under section  
40.10 424B.20, subdivision 4.

40.11 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1 is also  
40.12 enacted.

40.13 **ARTICLE 3**

40.14 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION**

40.15 **GENERAL CHANGES**

40.16 Section 1. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

40.17 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days  
40.18 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'  
40.19 relief association if there is one organized and the association has filed a financial report  
40.20 with the municipality. If the relief association has not filed a financial report with the  
40.21 municipality, the municipal treasurer shall delay transmission of the fire state aid to the  
40.22 relief association until the complete financial report is filed. If there is no relief association  
40.23 organized, or if the association has dissolved, or has been removed as trustees of state aid,  
40.24 then the treasurer of the municipality shall deposit the money in the municipal treasury  
40.25 ~~as provided for in section 424A.08~~ and the money may be disbursed only for the purposes  
40.26 and in the manner set forth in ~~that~~ section 424A.08 or for the payment of the employer  
40.27 contribution requirement with respect to firefighters covered by the public employees  
40.28 police and fire retirement plan under section 353.65, subdivision 3.

40.29 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the  
40.30 police state aid in the following manner:

40.31 (1) For a municipality in which a local police relief association exists and all peace  
40.32 officers are members of the association, the total state aid must be transmitted to the  
40.33 treasurer of the relief association within 30 days of the date of receipt, and the treasurer



41.1 of the relief association shall immediately deposit the total state aid in the special fund  
41.2 of the relief association;

41.3 (2) For a municipality in which police retirement coverage is provided by the public  
41.4 employees police and fire fund and all peace officers are members of the fund, including  
41.5 municipalities covered by section 353.665, the total state aid must be applied toward the  
41.6 municipality's employer contribution to the public employees police and fire fund under  
41.7 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

41.8 (3) For a municipality other than a city of the first class with a population of more  
41.9 than 300,000 in which both a police relief association exists and police retirement  
41.10 coverage is provided in part by the public employees police and fire fund, the municipality  
41.11 may elect at its option to transmit the total state aid to the treasurer of the relief association  
41.12 as provided in clause (1), to use the total state aid to apply toward the municipality's  
41.13 employer contribution to the public employees police and fire fund subject to all the  
41.14 provisions set forth in clause (2), or to allot the total state aid proportionately to be  
41.15 transmitted to the police relief association as provided in this subdivision and to apply  
41.16 toward the municipality's employer contribution to the public employees police and fire  
41.17 fund subject to the provisions of clause (2) on the basis of the respective number of active  
41.18 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

41.19 For a city of the first class with a population of more than 300,000, in addition, the  
41.20 city may elect to allot the appropriate portion of the total police state aid to apply toward  
41.21 the employer contribution of the city to the public employees police and fire fund based  
41.22 on the covered salary of police officers covered by the fund each payroll period and to  
41.23 transmit the balance to the police relief association; or

41.24 (4) For a municipality in which police retirement coverage is provided in part by  
41.25 the public employees police and fire fund and in part by a local police consolidation  
41.26 account governed by chapter 353A and established before March 2, 1999, for which the  
41.27 municipality declined merger under section 353.665, subdivision 1, or established after  
41.28 March 1, 1999, the total police state aid must be applied towards the municipality's total  
41.29 employer contribution to the public employees police and fire fund and to the local police  
41.30 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

41.31 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
41.32 apply the total state aid toward the county's employer contribution to the public employees  
41.33 police and fire fund under section 353.65, subdivision 3.

41.34 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
41.35 police state aid for the Metropolitan Airports Commission, shall apply the total police  
41.36 state aid first toward the commission's employer contribution for police officers to the

42.1 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if  
42.2 there is any amount of police state aid remaining, shall apply that remainder toward the  
42.3 commission's employer contribution for police officers to the public employees police and  
42.4 fire plan under section 353.65, subdivision 3.

42.5 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
42.6 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
42.7 finance for transfer to the funds and accounts from which the salaries of peace officers  
42.8 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue  
42.9 shall certify to the commissioners of public safety, natural resources, and finance the  
42.10 amounts to be transferred from the appropriation for police state aid. The commissioners  
42.11 of public safety and natural resources shall certify to the commissioner of finance the  
42.12 amounts to be credited to each of the funds and accounts from which the peace officers  
42.13 employed by their respective departments are paid. Each commissioner must allocate the  
42.14 police state aid first for employer contributions for employees funded from the general  
42.15 fund and then for employer contributions for employees funded from other funds. For  
42.16 peace officers whose salaries are paid from the general fund, the amounts transferred from  
42.17 the appropriation for police state aid must be canceled to the general fund.

42.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

42.19 Sec. 2. Minnesota Statutes 2008, section 69.772, subdivision 4, is amended to read:

42.20 Subd. 4. **Certification of financial requirements and minimum municipal**  
42.21 **obligation; levy.** (a) The officers of the relief association shall certify the financial  
42.22 requirements of the special fund of the relief association and the minimum obligation of  
42.23 the municipality with respect to the special fund of the relief association as determined  
42.24 under subdivision 3 to the governing body of the municipality on or before August 1 of  
42.25 each year. The financial requirements of the relief association and the minimum municipal  
42.26 obligation must be included in the financial report or financial statement under section  
42.27 69.051. The schedule forms related to the determination of the financial requirements  
42.28 must be filed with the state auditor by March 31, annually, if the relief association is  
42.29 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,  
42.30 annually, if the relief association is required to file a financial report and audit under  
42.31 section 69.051, subdivision 1.

42.32 (b) The municipality shall provide for at least the minimum obligation of the  
42.33 municipality with respect to the special fund of the relief association by tax levy or from  
42.34 any other source of public revenue.

43.1 (c) The municipality may levy taxes for the payment of the minimum municipal  
43.2 obligation without any limitation as to rate or amount and irrespective of any limitations  
43.3 imposed by other provisions of law upon the rate or amount of taxation until the balance  
43.4 of the special fund or any fund of the relief association has attained a specified level. In  
43.5 addition, any taxes levied under this section must not cause the amount or rate of any other  
43.6 taxes levied in that year or to be levied in a subsequent year by the municipality which are  
43.7 subject to a limitation as to rate or amount to be reduced.

43.8 (d) If the municipality does not include the full amount of the minimum municipal  
43.9 obligations in its levy for any year, the officers of the relief association shall certify that  
43.10 amount to the county auditor, who shall spread a levy in the amount of the certified  
43.11 minimum municipal obligation on the taxable property of the municipality.

43.12 (e) If the state auditor determines that a municipal contribution actually made in a  
43.13 plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5),  
43.14 the state auditor may request a copy of the certifications under this subdivision from the  
43.15 relief association or from the city. The relief association or the city, whichever applies,  
43.16 must provide the certifications within 14 days of the date of the request from the state  
43.17 auditor.

43.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

43.19 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 6, is amended to read:

43.20 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
43.21 relief association does not have a surplus over full funding pursuant to subdivision 3,  
43.22 clause (2), subclause (e), or if the municipality is required to provide financial support  
43.23 to the special fund of the relief association pursuant to this section, the adoption of  
43.24 or any amendment to the articles of incorporation or bylaws of a relief association  
43.25 which increases or otherwise affects the retirement coverage provided by or the service  
43.26 pensions or retirement benefits payable from the special fund of any relief association  
43.27 to which this section applies shall not be effective until it is ratified by the governing  
43.28 body of the municipality in which the relief association is located and the officers of a  
43.29 relief association shall not seek municipal ratification prior to preparing and certifying  
43.30 an estimate of the expected increase in the accrued liability and annual accruing liability  
43.31 of the relief association attributable to the amendment. If the special fund of the relief  
43.32 association has a surplus over full funding pursuant to subdivision 3, clause (2), subclause  
43.33 (e), and if the municipality is not required to provide financial support to the special fund  
43.34 of the relief association pursuant to this section, the relief association may adopt or amend  
43.35 its articles of incorporation or bylaws which increase or otherwise affect the retirement

44.1 coverage provided by or the service pensions or retirement benefits payable from the  
44.2 special fund of the relief association which shall be effective without municipal ratification  
44.3 so long as this does not cause the amount of the resulting increase in the accrued liability  
44.4 of the special fund of the relief association to exceed 90 percent of the amount of the  
44.5 ~~prior~~ surplus over full funding reported in the prior year and this does not result in the  
44.6 financial requirements of the special fund of the relief association exceeding the expected  
44.7 amount of the future fire state aid to be received by the relief association as determined  
44.8 by the board of trustees following the preparation of an estimate of the expected increase  
44.9 in the accrued liability and annual accruing liability of the relief association attributable  
44.10 to the change. If a relief association adopts or amends its articles of incorporation or  
44.11 bylaws without municipal ratification pursuant to this subdivision, and, subsequent to  
44.12 the amendment or adoption, the financial requirements of the special fund of the relief  
44.13 association pursuant to this section are such so as to require financial support from the  
44.14 municipality, the provision which was implemented without municipal ratification shall no  
44.15 longer be effective without municipal ratification and any service pensions or retirement  
44.16 benefits payable after that date shall be paid only in accordance with the articles of  
44.17 incorporation or bylaws as amended or adopted with municipal ratification.

44.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

44.19 Sec. 4. Minnesota Statutes 2008, section 69.773, subdivision 6, is amended to read:

44.20 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
44.21 relief association does not have a surplus over full funding pursuant to subdivision 4, or if  
44.22 the municipality is required to provide financial support to the special fund of the relief  
44.23 association pursuant to this section, the adoption of or any amendment to the articles of  
44.24 incorporation or bylaws of a relief association which increases or otherwise affects the  
44.25 retirement coverage provided by or the service pensions or retirement benefits payable  
44.26 from the special fund of any relief association to which this section applies shall not  
44.27 be effective until it is ratified by the governing body of the municipality in which the  
44.28 relief association is located. If the special fund of the relief association has a surplus over  
44.29 full funding pursuant to subdivision 4, and if the municipality is not required to provide  
44.30 financial support to the special fund of the relief association pursuant to this section,  
44.31 the relief association may adopt or amend its articles of incorporation or bylaws which  
44.32 increase or otherwise affect the retirement coverage provided by or the service pensions or  
44.33 retirement benefits payable from the special fund of the relief association which shall be  
44.34 effective without municipal ratification so long as this does not cause the amount of the  
44.35 resulting increase in the accrued liability of the special fund of the relief association to

45.1 exceed 90 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior  
45.2 year and this does not result in the financial requirements of the special fund of the relief  
45.3 association exceeding the expected amount of the future fire state aid to be received by the  
45.4 relief association as determined by the board of trustees following the preparation of an  
45.5 updated actuarial valuation including the proposed change or an estimate of the expected  
45.6 actuarial impact of the proposed change prepared by the actuary of the relief association.  
45.7 If a relief association adopts or amends its articles of incorporation or bylaws without  
45.8 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or  
45.9 adoption, the financial requirements of the special fund of the relief association pursuant to  
45.10 this section are such so as to require financial support from the municipality, the provision  
45.11 which was implemented without municipal ratification shall no longer be effective without  
45.12 municipal ratification and any service pensions or retirement benefits payable after that  
45.13 date shall be paid only in accordance with the articles of incorporation or bylaws as  
45.14 amended or adopted with municipal ratification.

45.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

45.16 Sec. 5. Minnesota Statutes 2008, section 356.219, subdivision 3, is amended to read:

45.17 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include  
45.18 a written statement of the investment policy. Following that initial report, subsequent  
45.19 reports must include investment policy changes and the effective date of each policy  
45.20 change rather than a complete statement of investment policy, unless the state auditor  
45.21 requests submission of a complete current statement. The report must also include the  
45.22 information required by the following paragraphs, as applicable.

45.23 (b) If, after four years of reporting under this paragraph, the total portfolio time  
45.24 weighted rate of return, net of all investment related costs and fees, provided by the public  
45.25 pension plan differs by no more than 0.1 percent from the comparable return for the plan  
45.26 calculated by the Office of the State Auditor, and if a public pension plan has a total  
45.27 market value of \$25,000,000 or more as of the beginning of the calendar year, and if the  
45.28 public pension plan's annual audit is performed by the state auditor or by the legislative  
45.29 auditor, the report required by subdivision 1 must include the market value of the total  
45.30 portfolio and the market value of each asset class included in the pension fund as of the  
45.31 beginning of the calendar year and as of the end of the calendar year. At the discretion of  
45.32 the state auditor, the public pension plan may be required to submit the market value of the  
45.33 total portfolio and the market value of each investment account, investment portfolio, or  
45.34 asset class included in the pension fund for each month, and the amount and date of each  
45.35 injection and withdrawal to the total portfolio and to each investment account, investment

46.1 portfolio, or asset class. If the market value of a public pension plan's fund drops below  
46.2 \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any  
46.3 subsequent year in which the public pension plan is not fully invested as specified in  
46.4 subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not  
46.5 performed by the state auditor or legislative auditor, paragraph (c) applies.

46.6 (c) If paragraph (b) would apply if the annual audit were provided by the state  
46.7 auditor or legislative auditor, the report required by subdivision 1 must include the market  
46.8 value of the total portfolio and the market value of each asset class included in the pension  
46.9 fund as of the beginning of the calendar year and for each month, and the amount and date  
46.10 of each injection and withdrawal to the total portfolio and to each investment account,  
46.11 investment portfolio, or asset class.

46.12 (d) For public pension plans to which paragraph (b) or (c) applies, the report required  
46.13 by subdivision 1 must also include a calculation of the total time-weighted rate of return  
46.14 available from index-matching investments assuming the asset class performance targets  
46.15 and target asset mix indicated in the written statement of investment policy. The provided  
46.16 information must include a description of indices used in the analyses and an explanation  
46.17 of why those indices are appropriate. This paragraph does not apply to any fully invested  
46.18 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of  
46.19 Investment under this paragraph is limited to information on the Minnesota public pension  
46.20 plans required to be invested by the State Board of Investment under section 11A.23.

46.21 (e) If a public pension plan has a total market value of less than \$25,000,000 as of  
46.22 the beginning of the calendar year and was never required to file under paragraph (b) or  
46.23 (c), the report required by subdivision 1 must include the amount and date of each total  
46.24 portfolio injection and withdrawal. In addition, the report must include the market value  
46.25 of the total portfolio as of the beginning of the calendar year and for each quarter.

46.26 (f) Any public pension plan reporting under paragraph (b) or (c) must include  
46.27 computed time-weighted rates of return with the report, in addition to all other required  
46.28 information, as applicable. The chief administrative officer of the public pension plan  
46.29 submitting the returns must certify, on a form prescribed by the state auditor, that the  
46.30 returns have been computed by the pension plan's investment performance consultant or  
46.31 custodial bank. The chief administrative officer of the public pension plan submitting the  
46.32 returns also must certify that the returns are net of all costs and fees, including investment  
46.33 management fees, and that the procedures used to compute the returns are consistent  
46.34 with Bank Administration Institute studies of investment performance measurement  
46.35 and presentation standards set by the ~~Certified Financial Analyst~~ CFA Institute. If the

47.1 certifications required under this paragraph are not provided, the reporting requirements of  
47.2 paragraph (c) apply.

47.3 (g) For public pension plans reporting under paragraph (e), the public pension plan  
47.4 must retain supporting information specifying the date and amount of each injection and  
47.5 withdrawal to each investment account and investment portfolio. The public pension plan  
47.6 must also retain the market value of each investment account and investment portfolio at  
47.7 the beginning of the calendar year and for each quarter. Information that is required to be  
47.8 collected and retained for any given year or years under this paragraph must be submitted  
47.9 to the Office of the State Auditor if the Office of the State Auditor requests in writing that  
47.10 the information be submitted by a public pension plan or plans, or be submitted by the  
47.11 State Board of Investment for any plan or plans for which the State Board of Investment is  
47.12 the investment authority under this section. If the state auditor requests information under  
47.13 this subdivision, and the public plan fails to comply, the pension plan is subject to penalties  
47.14 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

47.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

47.16 Sec. 6. Minnesota Statutes 2008, section 424A.01, subdivision 1, is amended to read:

47.17 Subdivision 1. **Minors.** (a) It is unlawful for any municipality or independent  
47.18 nonprofit firefighting corporation to employ a minor as a volunteer firefighter or to permit  
47.19 a minor to serve in any capacity performing any firefighting duties with a ~~volunteer~~ fire  
47.20 department, except for members of a youth, civic or educational organization or program  
47.21 who participate with uninterrupted adult supervision, as allowed by federal law and by  
47.22 section 181A.04. Such organizations or programs include, but are not limited to, Boy  
47.23 Scout Explorer programs or firefighting degree programs.

47.24 (b) No volunteer firefighters' relief association associated with a municipality or an  
47.25 independent non profit firefighting corporation may include as a relief association member  
47.26 a minor serving as a volunteer firefighter.

47.27 **EFFECTIVE DATE.** This section is effective July 1, 2009.

47.28 Sec. 7. Minnesota Statutes 2008, section 424A.01, is amended by adding a subdivision  
47.29 to read:

47.30 **Subd. 6. Return to active firefighting after break-in-service.** (a) If a former active  
47.31 firefighter who has separated from active service for at least 60 days resumes performing  
47.32 active firefighting with the fire department associated with the relief association, if the

48.1 bylaws of the relief association so permit, the person may again become an active member  
48.2 of the relief association.

48.3 (b) A firefighter who returns to active relief association membership under paragraph  
48.4 (a) may qualify for the receipt of a service pension from the relief association for the  
48.5 resumption service period if the firefighter meets a minimum period of resumption service  
48.6 specified in the relief association bylaws.

48.7 (c) A firefighter who returns to active lump sum relief association membership and  
48.8 who qualifies for a service pension under paragraph (b) must have, upon a subsequent  
48.9 cessation of duties, any service pension for the resumption service period calculated as  
48.10 a separate benefit. If a lump sum service pension had been paid to the firefighter upon  
48.11 the firefighter's previous cessation of duties, a second lump sum service pension for the  
48.12 resumption service period must be calculated to apply the service pension amount in effect  
48.13 on the date of the firefighter's termination of the resumption service for all years of the  
48.14 resumption service. No firefighter can be paid twice for the same period of service. If  
48.15 a lump sum service pension had not been paid to the firefighter upon the firefighter's  
48.16 previous cessation of duties and the firefighter meets the minimum service requirement of  
48.17 section 424A.02, subdivision 2, a service pension shall be calculated to apply the service  
48.18 pension amount in effect on the date of the firefighter's termination of the resumption  
48.19 service for all years of service credit.

48.20 (d) A firefighter who had not been paid a lump sum service pension returns to active  
48.21 relief association membership under paragraph (a), who does not qualify for a service  
48.22 pension under paragraph (b), but who does meet the minimum service requirement of  
48.23 section 424A.02, subdivision 2, based on the firefighter's previous years of active service,  
48.24 must have, upon a subsequent cessation of duties, a service pension calculated for the  
48.25 previous years of service based on the service pension amount in effect on the date of the  
48.26 firefighter's termination of the resumption service, or, if the bylaws so provide, based on the  
48.27 service pension amount in effect on the date of the firefighter's previous cessation of duties.

48.28 (e) If a firefighter receiving a monthly benefit service pension returns to active  
48.29 monthly benefit relief association membership under paragraph (a), any monthly benefit  
48.30 service pension payable to the firefighter is suspended as of the first day of the month next  
48.31 following the date on which the firefighter returns to active membership. If the firefighter  
48.32 was receiving a monthly benefit service pension, and qualifies for a service pension under  
48.33 paragraph (b), the firefighter is entitled to an additional monthly benefit service pension  
48.34 upon a subsequent cessation of duties calculated based on the resumption service credit  
48.35 and the service pension accrual amount in effect on the date of the termination of the  
48.36 resumption service. The suspended initial service pension resumes as of the first of



49.1 the month next following the termination of the resumption service. If the firefighter  
49.2 was not receiving a monthly benefit service pension and meets the minimum service  
49.3 requirement of section 424A.02, subdivision 2, a service pension must be calculated to  
49.4 apply the service pension amount in effect on the date of the firefighter's termination of the  
49.5 resumption service for all years of service credit.

49.6 (f) A firefighter who was not receiving a monthly benefit service pension returns  
49.7 to active relief association membership under paragraph (a), who does not qualify for a  
49.8 service pension under paragraph (b), but who does meet the minimum service requirement  
49.9 of section 424A.02, subdivision 2, based on the firefighter's previous years of active  
49.10 service, must have, upon a subsequent cessation of duties, a service pension calculated for  
49.11 the previous years of service based on the service pension amount in effect on the date  
49.12 of the firefighter's termination of the resumption service, or, if the bylaws so provide,  
49.13 based on the service pension amount in effect on the date of the firefighter's previous  
49.14 cessation of duties.

49.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

49.16 Sec. 8. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

49.17 Subdivision 1. **Authorization.** (a) A relief association, when its articles of  
49.18 incorporation or bylaws so provide, may pay out of the assets of its special fund a  
49.19 service pension to each of its members who: (1) separates from active service with the  
49.20 fire department; (2) reaches age 50; (3) completes at least five years of active service  
49.21 as an active member of the municipal fire department to which the relief association  
49.22 is associated; (4) completes at least five years of active membership with the relief  
49.23 association before separation from active service; and (5) complies with any additional  
49.24 conditions as to age, service, and membership that are prescribed by the bylaws of the  
49.25 relief association. A service pension computed under this section may be prorated monthly  
49.26 for fractional years of service, ~~if~~ as the bylaws or articles of incorporation of the relief  
49.27 association so provide. The bylaws or articles of incorporation may define a "month,"  
49.28 but the definition must require a calendar month to have at least sixteen days of active  
49.29 service. If the bylaws or articles of incorporation do not define a "month," a "month" is a  
49.30 completed calendar month of active service measured from the member's date of entry  
49.31 to the same date in the subsequent month. The service pension may be paid whether or  
49.32 not the municipality or nonprofit firefighting corporation to which the relief association  
49.33 is associated qualifies for fire state aid under chapter 69.

49.34 (b) In the case of a member who has completed at least five years of active service as  
49.35 an active member of the fire department to which the relief association is associated on

50.1 the date that the relief association is established and incorporated, the requirement that  
50.2 the member complete at least five years of active membership with the relief association  
50.3 before separation from active service may be waived by the board of trustees of the relief  
50.4 association if the member completes at least five years of inactive membership with the  
50.5 relief association before the payment of the service pension. During the period of inactive  
50.6 membership, the member is not entitled to receive disability benefit coverage, is not  
50.7 entitled to receive additional service credit towards computation of a service pension, and  
50.8 is considered to have the status of a person entitled to a deferred service pension under  
50.9 subdivision 7.

50.10 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
50.11 take final action in setting a service pension or ancillary benefit amount or level to the  
50.12 board of trustees of the relief association or to approve in advance a service pension or  
50.13 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
50.14 would allow rather than a specific dollar amount or level.

50.15 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
50.16 service pension or disability benefit to a former member of the relief association if that  
50.17 person has not separated from active service with the fire department to which the relief  
50.18 association is directly associated, unless:

50.19 (1) the person is employed subsequent to retirement by the municipality or the  
50.20 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
50.21 the municipal fire department or corporation on a full-time basis;

50.22 (2) the governing body of the municipality or of the corporation has filed its  
50.23 determination with the board of trustees of the relief association that the person's  
50.24 experience with and service to the fire department in that person's full-time capacity  
50.25 would be difficult to replace; and

50.26 (3) the bylaws of the relief association were amended to provide for the payment of  
50.27 a service pension or disability benefit for such full-time employees.

50.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

50.29 Sec. 9. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

50.30 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
50.31 If a relief association pays a service pension greater than the maximum service pension  
50.32 associated with the applicable average amount of available financing per active covered  
50.33 firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the  
50.34 maximum service pension under subdivision 3, paragraph (f), or the applicable maximum

51.1 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the  
51.2 state auditor shall:

51.3 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
51.4 with the relief association from receiving fire state aid by making the appropriate  
51.5 notification to the municipality and the commissioner of revenue, with the disqualification  
51.6 applicable for the next apportionment and payment of fire state aid; and

51.7 (2) order the treasurer of the applicable relief association to recover the amount of  
51.8 the overpaid service pension or pensions from any retired firefighter who received an  
51.9 overpayment.

51.10 (b) Fire state aid amounts from disqualified municipalities for the period of  
51.11 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
51.12 fire insurance premium tax proceeds available for the next subsequent fire state aid  
51.13 apportionment.

51.14 (c) The amount of any overpaid service pension recovered under paragraph (a),  
51.15 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
51.16 available for the next subsequent fire state aid apportionment.

51.17 (d) The determination of the state auditor that a relief association has paid a service  
51.18 pension greater than the applicable maximum must be made on the basis of the information  
51.19 filed by the relief association and the municipality with the state auditor under sections  
51.20 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
51.21 relevant information that comes to the attention of the state auditor. The determination  
51.22 of the state auditor is final. An aggrieved municipality, relief association, or person may  
51.23 appeal the determination under section 480A.06.

51.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

51.25 Sec. 10. Minnesota Statutes 2008, section 424A.02, subdivision 6, is amended to read:

51.26 Subd. 6. **Payment of service pensions; nonassignability.** The method of  
51.27 calculating service pensions shall be applied uniformly for all years of active service ~~and~~  
51.28 Credit shall be given for all years of active service, except ~~as otherwise provided in this~~  
51.29 ~~section~~ for caps on service credit if so provided in the bylaws of the relief association. No  
51.30 service pension shall be paid to any person while the person remains an active member  
51.31 of the respective fire department, and no person who is receiving a service pension shall  
51.32 be entitled to receive any other benefits from the special fund of the relief association.  
51.33 No service pension or ancillary benefits paid or payable from the special fund of a relief  
51.34 association to any person receiving or entitled to receive a service pension or ancillary  
51.35 benefits shall be subject to garnishment, judgment, execution, or other legal process,

52.1 except as provided in section 518.58, 518.581, or 518A.53. No person entitled to a service  
 52.2 pension or ancillary benefits from the special fund of a relief association may assign any  
 52.3 service pension or ancillary benefit payments, nor shall the association have the authority  
 52.4 to recognize any assignment or pay over any sum which has been assigned.

52.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

52.6 Sec. 11. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

52.7 Subd. 8. **Lump-sum service pensions; installment payments.** (a) Any relief  
 52.8 association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~  
 52.9 ~~member~~ intended recipient and in lieu of a single payment of a lump-sum service pension  
 52.10 or survivor benefit, a lump-sum service pension or survivor benefit in installments.

52.11 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be  
 52.12 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of  
 52.13 the relief association no later than 30 days ~~prior to~~ before the commencement of payment  
 52.14 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~  
 52.15 must be determined ~~so that the present value of the aggregate installment payments~~  
 52.16 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~  
 52.17 ~~of the single lump-sum payment which would have been made had the installment~~  
 52.18 ~~payments option not been elected. The payment of each installment shall include interest~~  
 52.19 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~  
 52.20 ~~installment payments as of the date on which the previous installment payment was paid~~  
 52.21 ~~and computed from the date on which the previous installment payment was paid to the~~  
 52.22 ~~date of payment for the current installment payment~~ in any reasonable manner provided  
 52.23 for in the governing bylaws, but the total amount of installment payments may not exceed  
 52.24 the single payment service pension amount plus interest at an annual rate of five percent  
 52.25 on the amount of delayed payments for the period during which payment was delayed.

52.26 (c) ~~To the extent that the commissioner of commerce deems it to be necessary or~~  
 52.27 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
 52.28 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

52.29 **EFFECTIVE DATE.** This section is effective July 1, 2009.

52.30 Sec. 12. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

52.31 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
 52.32 relief association to which this section applies shall file a revised copy of its governing  
 52.33 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws

53.1 by the relief association or upon the approval of any amendment to its governing bylaws  
53.2 granted by the governing body of each municipality served by the fire department to  
53.3 which the relief association is directly associated. Failure of the relief association to file a  
53.4 copy of the bylaws or any bylaw amendments with the state auditor shall disqualify the  
53.5 municipality from the distribution of any future fire state aid until this filing requirement  
53.6 has been completed.

53.7 (b) If the special fund of the relief association does not have a surplus over full  
53.8 funding pursuant to section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,  
53.9 subdivision 4, and if the municipality is required to provide financial support to the special  
53.10 fund of the relief association pursuant to section 69.772 or 69.773, no bylaw amendment  
53.11 which would affect the amount of, the manner of payment of, or the conditions for  
53.12 qualification for service pensions or ancillary benefits or disbursements other than  
53.13 administrative expenses authorized pursuant to section 69.80 payable from the special  
53.14 fund of the relief association shall be effective until it has been ratified by the governing  
53.15 body or bodies of the appropriate municipalities. If the municipality is not required to  
53.16 provide financial support to the special fund pursuant to this section, the relief association  
53.17 may adopt or amend without municipal ratification its articles of incorporation or bylaws  
53.18 which increase or otherwise affect the service pensions or ancillary benefits payable from  
53.19 the special fund so long as the changes do not cause the amount of the resulting increase in  
53.20 the accrued liability of the special fund to exceed 90 percent of the amount of the ~~prior~~  
53.21 surplus over full funding reported in the prior year and the changes do not result in the  
53.22 financial requirements of the special fund exceeding the expected amount of the future fire  
53.23 state aid to be received by the relief association.

53.24 (c) If the relief association pays only a lump-sum pension, the financial requirements  
53.25 are to be determined by the board of trustees following the preparation of an estimate  
53.26 of the expected increase in the accrued liability and annual accruing liability of the  
53.27 relief association attributable to the change. If the relief association pays a monthly  
53.28 benefit service pension, the financial requirements are to be determined by the board of  
53.29 trustees following either an updated actuarial valuation including the proposed change  
53.30 or an estimate of the expected actuarial impact of the proposed change prepared by the  
53.31 actuary of the relief association. If a relief association adopts or amends its articles of  
53.32 incorporation or bylaws without municipal ratification pursuant to this subdivision, and,  
53.33 subsequent to the amendment or adoption, the financial requirements of the special fund  
53.34 pursuant to this section are such so as to require financial support from the municipality,  
53.35 the provision which was implemented without municipal ratification shall no longer be  
53.36 effective without municipal ratification, and any service pensions or ancillary benefits

54.1 payable after that date shall be paid only in accordance with the articles of incorporation  
54.2 or bylaws as amended or adopted with municipal ratification.

54.3 **EFFECTIVE DATE.** This section is effective July 1, 2009.

54.4 Sec. 13. Minnesota Statutes 2008, section 424A.04, subdivision 1, is amended to read:

54.5 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
54.6 a municipal fire department must be managed by a board of trustees consisting of nine  
54.7 members. Six trustees must be elected from the membership of the relief association and  
54.8 three trustees must be drawn from the officials of the municipalities served by the fire  
54.9 department to which the relief association is directly associated. The bylaws of a relief  
54.10 association which provides a monthly benefit service pension may provide that one of  
54.11 the six trustees elected from the relief association membership may be a retired member  
54.12 receiving a monthly pension who is elected by the membership of the relief association.  
54.13 The three municipal trustees must be one elected municipal official and one elected or  
54.14 appointed municipal official who are designated as municipal representatives by the  
54.15 municipal governing board annually and the chief of the municipal fire department.

54.16 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
54.17 corporation must be managed by a board of trustees consisting of nine members. Six  
54.18 trustees must be elected from the membership of the relief association, two trustees must  
54.19 be drawn from the officials of the municipalities served by the fire department to which  
54.20 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
54.21 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
54.22 association may provide that one of the six trustees elected from the relief association  
54.23 membership may be a retired member receiving a monthly pension who is elected by the  
54.24 membership of the relief association. The two municipal trustees must be elected or  
54.25 appointed municipal officials, selected as follows:

54.26 (1) if only one municipality contracts with the independent nonprofit firefighting  
54.27 corporation, the municipal trustees must be two officials of the contracting municipality  
54.28 who are designated annually by the governing body of the municipality; or

54.29 (2) if two or more municipalities contract with the independent nonprofit corporation,  
54.30 the municipal trustees must be one official from each of the two largest municipalities  
54.31 in population who are designated annually by the governing bodies of the applicable  
54.32 municipalities.

54.33 (c) The municipal trustees for a relief association that is directly associated with a  
54.34 fire department operated as or by a joint powers entity must be the fire chief of the fire  
54.35 department and two trustees designated annually by the joint powers board. The municipal

55.1 trustees for a relief association that is directly associated with a fire department service  
55.2 area township must be the fire chief of the fire department and two trustees designated by  
55.3 the township board.

55.4 (d) If a relief association lacks the municipal board members provided for in  
55.5 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
55.6 organized municipality, joint powers entity, or township, the municipal board members  
55.7 must be the fire chief of the fire department and two board members appointed from the  
55.8 fire department service area by the board of commissioners of the applicable county.

55.9 (e) The term of ~~these~~ the appointed municipal board members is one year or until the  
55.10 person's successor is qualified, whichever is later.

55.11 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
55.12 and duties accorded to any other trustee, except the right to be an officer of the relief  
55.13 association board of trustees.

55.14 (g) A board must have at least three officers, who are a president, a secretary and a  
55.15 treasurer. These officers must be elected from among the elected trustees by either the full  
55.16 board of trustees or by the relief association membership, as specified in the bylaws. In  
55.17 no event may any trustee hold more than one officer position at any one time. The terms  
55.18 of the elected trustees and of the officers of the board must be specified in the bylaws of  
55.19 the relief association, but may not exceed three years. If the term of the elected trustees  
55.20 exceeds one year, the election of the various trustees elected from the membership must be  
55.21 staggered on as equal a basis as is practicable.

55.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

55.23 Sec. 14. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

55.24 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
55.25 from the special fund are not permitted to be made for any purpose other than one of  
55.26 the following:

55.27 (1) for the payment of service pensions to retired members of the relief association if  
55.28 authorized and paid under law and the bylaws governing the relief association;

55.29 (2) for the payment of temporary or permanent disability benefits to disabled  
55.30 members of the relief association if authorized and paid pursuant to law and specified in  
55.31 amount in the bylaws governing the relief association;

55.32 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
55.33 or if none, to designated beneficiaries, of deceased members of the relief association,  
55.34 and if survivors and if no designated beneficiary, for the payment of a death benefit to

56.1 the estate of the deceased active firefighter, if authorized by and paid pursuant to law and  
 56.2 specified in amount in the bylaws governing the relief association;

56.3 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
 56.4 Department Association; and to the Minnesota Area Relief Association Coalition, and to  
 56.5 ~~the state Volunteer Firefighters Benefit Association~~ in order to entitle relief association  
 56.6 members to membership in and the benefits of these associations or organizations; ~~and~~

56.7 (5) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
 56.8 Association, or an insurance company licensed by the state of Minnesota offering casualty  
 56.9 insurance, in order to entitle relief association members to membership in and the benefits  
 56.10 of the association or organization; and

56.11 (6) for the payment of administrative expenses of the relief association as authorized  
 56.12 under section 69.80.

56.13 (b) For purposes of this chapter, for a monthly benefit volunteer fire relief association  
 56.14 or for a combination lump sum and monthly benefit volunteer fire relief association where  
 56.15 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
 56.16 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of  
 56.17 this chapter, for a defined contribution volunteer fire relief association, for a lump sum  
 56.18 volunteer fire relief association, or for a combination lump sum and monthly benefit  
 56.19 volunteer fire relief association where a lump sum service pension has been elected by  
 56.20 or a lump sum benefit is payable with respect to a firefighter, a designated beneficiary  
 56.21 may be a trust created under chapter 501B.

56.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

56.23 Sec. 15. Minnesota Statutes 2008, section 424A.08, is amended to read:

56.24 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
 56.25 **AUTHORIZED DISBURSEMENTS.**

56.26 (a) Any qualified municipality which is entitled to receive fire state aid but which has  
 56.27 no volunteer firefighters' relief association directly associated with its fire department and  
 56.28 which has no full-time firefighters with retirement coverage by the public employees police  
 56.29 and fire retirement plan shall deposit the fire state aid in a special account in the municipal  
 56.30 treasury. Disbursement from the special account shall not be made for any purpose except:

56.31 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
 56.32 Department Association and to the state Volunteer Firefighters' Benefit Association in  
 56.33 order to entitle its firefighters to membership in and the benefits of these state associations;



57.1 (2) payment of the cost of purchasing and maintaining needed equipment for the  
57.2 fire department; and

57.3 (3) payment of the cost for construction, acquisition, repair and maintenance of  
57.4 buildings or other premises to house the fire department.

57.5 (b) A qualified municipality which is entitled to receive fire state aid, which has no  
57.6 volunteer firefighters' relief association directly associated with its fire department and  
57.7 which has full-time firefighters with retirement coverage by the public employees police  
57.8 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the  
57.9 payment of the employer contribution requirement with respect to firefighters covered by  
57.10 the public employees police and fire retirement plan under section 353.65, subdivision 3,  
57.11 or for a combination of the two types of disbursements.

57.12 **EFFECTIVE DATE.** This section is effective July 1, 2009.

57.13 Sec. 16. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

57.14 Subdivision 1. **Definitions.** For purposes of this section:

57.15 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
57.16 of pension or retirement benefits from a firefighters' relief association for service that the  
57.17 individual has performed as a volunteer firefighter;

57.18 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~  
57.19 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under  
57.20 section 424A.001, subdivision 6, or, if none, the surviving minor child or minor children  
57.21 of a deceased active or deferred volunteer firefighter;

57.22 (3) "active volunteer firefighter" means a person who regularly renders fire  
57.23 suppression service for a municipal fire department or an independent nonprofit firefighting  
57.24 corporation, who has met the statutory and other requirements for relief association  
57.25 membership, and who ~~has been~~ is deemed by the relief association under law and its  
57.26 bylaws to be a fully qualified member of the relief association for at least one month; and

57.27 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
57.28 terminated active firefighting service, has sufficient service credit from the applicable relief  
57.29 association to be entitled to a service pension under the bylaws of the relief association,  
57.30 but has not applied for or has not received the service pension.

57.31 **EFFECTIVE DATE.** This section is effective July 1, 2009.

57.32 Sec. 17. **REPEALER.**

57.33 Minnesota Statutes 2008, section 424A.02, subdivision 9b, is repealed.

58.1 **EFFECTIVE DATE.** This section is effective July 1, 2009.

58.2 **ARTICLE 4**

58.3 **ACCOMMODATING CHANGES**

58.4 Section 1. Minnesota Statutes 2008, section 424A.20, as proposed in article 1, section  
58.5 1, is amended to read:

58.6 **[420.20] PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER**  
58.7 **FIREFIGHTERS.**

58.8 It is unlawful for any municipality or independent nonprofit firefighting corporation  
58.9 to employ a minor to serve as a volunteer firefighter or to permit a minor to serve in any  
58.10 capacity performing any firefighting duties with a ~~volunteer~~ fire department, except for  
58.11 members of a youth, civic or educational organization or program who participate with  
58.12 uninterrupted adult supervision, as allowed by federal law and by section 181A.04. Such  
58.13 organizations or programs include, but are not limited to, Boy Scout Explorer programs  
58.14 or firefighting degree programs.

58.15 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section 1,  
58.16 and article 3, section 6, are enacted.

58.17 Sec. 2. Minnesota Statutes 2008, section 424A.01, subdivision 1, as amended by  
58.18 article 1, section 15, is amended to read:

58.19 Subdivision 1. **Minors.** (a) No volunteer firefighters' relief association associated  
58.20 with a municipality or an independent nonprofit firefighting corporation may include  
58.21 as a relief association member a minor serving as a ~~volunteer~~ firefighter, except for  
58.22 members of a youth, civic or educational organization or program who participate with  
58.23 uninterrupted adult supervision, as allowed by federal law and by section 181A.04. Such  
58.24 organizations or programs include, but are not limited to, Boy Scout Explorer programs  
58.25 or firefighting degree programs.

58.26 (b) No volunteer firefighters' relief association associated with a municipality or an  
58.27 independent non profit firefighting corporation may include as a relief association member  
58.28 a minor serving as a volunteer firefighter.

58.29 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
58.30 15, and article 3, section 6, are enacted.

58.31 Sec. 3. Minnesota Statutes 2008, section 424A.016, subdivision 4, as proposed in  
58.32 article 1, section 17, is amended to read:

59.1 Subd. 4. **Individual accounts.** (a) An individual account must be established for  
59.2 each firefighter who is a member of the relief association.

59.3 (b) To each individual active member account must be credited an equal share of:  
59.4 (1) any amounts of fire state aid received by the relief association; (2) any amounts  
59.5 of municipal contributions to the relief association raised from levies on real estate  
59.6 or from other available municipal revenue sources exclusive of fire state aid; and (3)  
59.7 any amounts equal to the share of the assets of the special fund to the credit of: (i) any  
59.8 former member who terminated active service with the fire department to which the relief  
59.9 association is associated before meeting the minimum service requirement provided for  
59.10 in paragraph (b) and has not returned to active service with the fire department for a  
59.11 period no shorter than five years; or (ii) any retired member who retired before obtaining  
59.12 a full nonforfeitable interest in the amounts credited to the individual member account  
59.13 under paragraph (b) and any applicable provision of the bylaws of the relief association.  
59.14 In addition, any investment return on the assets of the special fund must be credited in  
59.15 proportion to the share of the assets of the special fund to the credit of each individual  
59.16 active member account. Administrative expenses of the relief association payable from  
59.17 the special fund may be deducted from individual accounts in a manner specified in the  
59.18 bylaws of the relief association.

59.19 (c) Amounts to be credited to individual accounts must be allocated uniformly for all  
59.20 years of active service and allocations must be made for all years of service, except ~~as~~  
59.21 ~~otherwise provided in this section~~ for caps on service credit if so provided in the bylaws of  
59.22 the relief association. The allocation method may utilize monthly proration for fractional  
59.23 years of service, ~~if~~ as the bylaws or articles of incorporation of the relief association so  
59.24 provide. The bylaws or articles of incorporation may define a "month," but the definition  
59.25 must require a calendar month to have at least sixteen days of active service. If the bylaws  
59.26 or articles of incorporation do not define a "month," a "month" is a completed calendar  
59.27 month of active service measured from the member's date of entry to the same date in the  
59.28 subsequent month.

59.29 (d) At the time of retirement under subdivision 2 and any applicable provision of the  
59.30 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
59.31 of the special fund to the credit of the member in the individual member account which is  
59.32 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
59.33 association based on the number of years of service to the credit of the retiring member.

59.34 (e) Annually, the secretary of the relief association shall certify the individual  
59.35 account allocations to the state auditor at the same time that the annual financial statement

60.1 or financial report and audit of the relief association, whichever applies, is due under  
60.2 section 69.051.

60.3 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section 17,  
60.4 and article 3, sections 8 and 10, are enacted.

60.5 Sec. 4. Minnesota Statutes 2008, section 424A.02, subdivision 1, as amended by  
60.6 article 1, section 18, is amended to read:

60.7 **424A.02 DEFINED BENEFIT VOLUNTEER FIREFIGHTERS' RELIEF**  
60.8 **ASSOCIATIONS; SERVICE PENSIONS.**

60.9 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its  
60.10 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund  
60.11 a service pension to each of its members who: (1) separates from active service with the  
60.12 fire department; (2) reaches age 50; (3) completes at least five years of active service  
60.13 as an active member of the municipal fire department to which the relief association  
60.14 is associated; (4) completes at least five years of active membership with the relief  
60.15 association before separation from active service; and (5) complies with any additional  
60.16 conditions as to age, service, and membership that are prescribed by the bylaws of the  
60.17 relief association. A service pension computed under this section may be prorated monthly  
60.18 for fractional years of service, ~~if~~ as the bylaws or articles of incorporation of the relief  
60.19 association so provide. The bylaws or articles of incorporation may define a "month,"  
60.20 but the definition must require a calendar month to have at least sixteen days of active  
60.21 service. If the bylaws or articles of incorporation do not define a "month," a "month" is a  
60.22 completed calendar month of active service measured from the member's date of entry  
60.23 to the same date in the subsequent month. The service pension earned by a volunteer  
60.24 firefighter under this chapter and the articles of incorporation and bylaws of the volunteer  
60.25 firefighters' relief association may be paid whether or not the municipality or nonprofit  
60.26 firefighting corporation to which the relief association is associated qualifies for the receipt  
60.27 of fire state aid under chapter 69.

60.28 (b) In the case of a member who has completed at least five years of active service as  
60.29 an active member of the fire department to which the relief association is associated on  
60.30 the date that the relief association is established and incorporated, the requirement that  
60.31 the member complete at least five years of active membership with the relief association  
60.32 before separation from active service may be waived by the board of trustees of the relief  
60.33 association if the member completes at least five years of inactive membership with the  
60.34 relief association before the date of the payment of the service pension. During the

61.1 period of inactive membership, the member is not entitled to receive disability benefit  
61.2 coverage, is not entitled to receive additional service credit towards computation of a  
61.3 service pension, and is considered to have the status of a person entitled to a deferred  
61.4 service pension under subdivision 7.

61.5 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
61.6 take final action in setting a service pension or ancillary benefit amount or level to the  
61.7 board of trustees of the relief association or to approve in advance a service pension or  
61.8 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
61.9 would allow rather than a specific dollar amount or level.

61.10 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
61.11 service pension or disability benefit to a former member of the relief association if that  
61.12 person has not separated from active service with the fire department to which the relief  
61.13 association is directly associated, unless:

61.14 (1) the person is employed subsequent to retirement by the municipality or the  
61.15 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
61.16 the municipal fire department or corporation on a full-time basis;

61.17 (2) the governing body of the municipality or of the corporation has filed its  
61.18 determination with the board of trustees of the relief association that the person's  
61.19 experience with and service to the fire department in that person's full-time capacity  
61.20 would be difficult to replace; and

61.21 (3) the bylaws of the relief association were amended to provide for the payment of  
61.22 a service pension or disability benefit for such full-time employees.

61.23 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
61.24 18, and article 3, section 8, are enacted.

61.25 Sec. 5. Minnesota Statutes 2008, section 424A.02, subdivision 3, as amended by  
61.26 article 1, section 20, is amended to read:

61.27 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1  
61.28 as part of the certification of the financial requirements and minimum municipal obligation  
61.29 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,  
61.30 the secretary or some other official of the relief association designated in the bylaws of  
61.31 each defined benefit relief association shall calculate and certify to the governing body  
61.32 of the applicable qualified municipality the average amount of available financing per  
61.33 active covered firefighter for the most recent three-year period. The amount of available  
61.34 financing includes any amounts of fire state aid received or receivable by the relief  
61.35 association, any amounts of municipal contributions to the relief association raised from

62.1 levies on real estate or from other available revenue sources exclusive of fire state aid,  
 62.2 and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
 62.3 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;  
 62.4 or 69.774, subdivision 2, if any.

62.5 (b) The maximum service pension which the defined benefit relief association has  
 62.6 authority to provide for in its bylaws for payment to a member retiring after the calculation  
 62.7 date when the minimum age and service requirements specified in subdivision 1 are met  
 62.8 must be determined using the table in paragraph (c) or (d), whichever applies.

62.9 (c) For a defined benefit relief association where the governing bylaws provide for  
 62.10 a monthly service pension to a retiring member, the maximum monthly service pension  
 62.11 amount per month for each year of service credited that may be provided for in the bylaws  
 62.12 is the greater of the service pension amount provided for in the bylaws on the date of the  
 62.13 calculation of the average amount of the available financing per active covered firefighter  
 62.14 or the maximum service pension figure corresponding to the average amount of available  
 62.15 financing per active covered firefighter:

62.16	Minimum Average Amount of Available	Maximum Service Pension Amount
62.17	Financing per Firefighter	Payable per Month for Each
62.18		Year of Service
62.19	\$ ...	\$ .25
62.20	41	.50
62.21	81	1.00
62.22	122	1.50
62.23	162	2.00
62.24	203	2.50
62.25	243	3.00
62.26	284	3.50
62.27	324	4.00
62.28	365	4.50
62.29	405	5.00
62.30	486	6.00
62.31	567	7.00
62.32	648	8.00
62.33	729	9.00
62.34	810	10.00
62.35	891	11.00
62.36	972	12.00
62.37	1053	13.00
62.38	1134	14.00
62.39	1215	15.00
62.40	1296	16.00
62.41	1377	17.00

63.1	1458	18.00
63.2	1539	19.00
63.3	1620	20.00
63.4	1701	21.00
63.5	1782	22.00
63.6	1823	22.50
63.7	1863	23.00
63.8	1944	24.00
63.9	2025	25.00
63.10	2106	26.00
63.11	2187	27.00
63.12	2268	28.00
63.13	2349	29.00
63.14	2430	30.00
63.15	2511	31.00
63.16	2592	32.00
63.17	2673	33.00
63.18	2754	34.00
63.19	2834	35.00
63.20	2916	36.00
63.21	2997	37.00
63.22	3078	38.00
63.23	3159	39.00
63.24	3240	40.00
63.25	3321	41.00
63.26	3402	42.00
63.27	3483	43.00
63.28	3564	44.00
63.29	3645	45.00
63.30	3726	46.00
63.31	3807	47.00
63.32	3888	48.00
63.33	3969	49.00
63.34	4050	50.00
63.35	4131	51.00
63.36	4212	52.00
63.37	4293	53.00
63.38	4374	54.00
63.39	4455	55.00
63.40	4536	56.00
63.41	Effective beginning December 31, 2008	
63.42	4617	57.00
63.43	4698	58.00

64.1	4779	59.00
64.2	4860	60.00
64.3	4941	61.00
64.4	5022	62.00
64.5	5103	63.00
64.6	5184	64.00
64.7	5265	65.00
64.8	Effective beginning December 31, 2009	
64.9	5346	66.00
64.10	5427	67.00
64.11	5508	68.00
64.12	5589	69.00
64.13	5670	70.00
64.14	5751	71.00
64.15	5832	72.00
64.16	5913	73.00
64.17	5994	74.00
64.18	Effective beginning December 31, 2010	
64.19	6075	75.00
64.20	6156	76.00
64.21	6237	77.00
64.22	6318	78.00
64.23	6399	79.00
64.24	6480	80.00
64.25	6561	81.00
64.26	6642	82.00
64.27	6723	83.00
64.28	Effective beginning December 31, 2011	
64.29	6804	84.00
64.30	6885	85.00
64.31	6966	86.00
64.32	7047	87.00
64.33	7128	88.00
64.34	7209	89.00
64.35	7290	90.00
64.36	7371	91.00
64.37	7452	92.00
64.38	Effective beginning December 31, 2012	
64.39	7533	93.00
64.40	7614	94.00
64.41	7695	95.00
64.42	7776	96.00
64.43	7857	97.00



65.1	7938	98.00
65.2	8019	99.00
65.3	8100	100.00
65.4	any amount in excess of	
65.5	8100	100.00

65.6 (d) For a defined benefit relief association in which the governing bylaws provide  
 65.7 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
 65.8 pension amount for each year of service credited that may be provided for in the bylaws is  
 65.9 the greater of the service pension amount provided for in the bylaws on the date of the  
 65.10 calculation of the average amount of the available financing per active covered firefighter  
 65.11 or the maximum service pension figure corresponding to the average amount of available  
 65.12 financing per active covered firefighter for the applicable specified period:

65.13	Minimum Average Amount of Available	Maximum Lump-Sum Service
65.14	Financing per Firefighter	Pension Amount Payable for
65.15		Each Year of Service
65.16	\$ ...	\$ 10
65.17	11	20
65.18	16	30
65.19	23	40
65.20	27	50
65.21	32	60
65.22	43	80
65.23	54	100
65.24	65	120
65.25	77	140
65.26	86	160
65.27	97	180
65.28	108	200
65.29	131	240
65.30	151	280
65.31	173	320
65.32	194	360
65.33	216	400
65.34	239	440
65.35	259	480
65.36	281	520
65.37	302	560
65.38	324	600
65.39	347	640
65.40	367	680
65.41	389	720
65.42	410	760

66.1	432	800
66.2	486	900
66.3	540	1000
66.4	594	1100
66.5	648	1200
66.6	702	1300
66.7	756	1400
66.8	810	1500
66.9	864	1600
66.10	918	1700
66.11	972	1800
66.12	1026	1900
66.13	1080	2000
66.14	1134	2100
66.15	1188	2200
66.16	1242	2300
66.17	1296	2400
66.18	1350	2500
66.19	1404	2600
66.20	1458	2700
66.21	1512	2800
66.22	1566	2900
66.23	1620	3000
66.24	1672	3100
66.25	1726	3200
66.26	1753	3250
66.27	1780	3300
66.28	1820	3375
66.29	1834	3400
66.30	1888	3500
66.31	1942	3600
66.32	1996	3700
66.33	2023	3750
66.34	2050	3800
66.35	2104	3900
66.36	2158	4000
66.37	2212	4100
66.38	2265	4200
66.39	2319	4300
66.40	2373	4400
66.41	2427	4500
66.42	2481	4600
66.43	2535	4700

67.1	2589	4800
67.2	2643	4900
67.3	2697	5000
67.4	2751	5100
67.5	2805	5200
67.6	2859	5300
67.7	2913	5400
67.8	2967	5500
67.9	3021	5600
67.10	3075	5700
67.11	3129	5800
67.12	3183	5900
67.13	3237	6000
67.14	3291	6100
67.15	3345	6200
67.16	3399	6300
67.17	3453	6400
67.18	3507	6500
67.19	3561	6600
67.20	3615	6700
67.21	3669	6800
67.22	3723	6900
67.23	3777	7000
67.24	3831	7100
67.25	3885	7200
67.26	3939	7300
67.27	3993	7400
67.28	4047	7500
67.29	Effective beginning December 31, 2008	
67.30	4101	7600
67.31	4155	7700
67.32	4209	7800
67.33	4263	7900
67.34	4317	8000
67.35	4371	8100
67.36	4425	8200
67.37	4479	8300
67.38	Effective beginning December 31, 2009	
67.39	4533	8400
67.40	4587	8500
67.41	4641	8600
67.42	4695	8700
67.43	4749	8800

68.1	4803	8900
68.2	4857	9000
68.3	4911	9100
68.4	Effective beginning December 31, 2010	
68.5	4965	9200
68.6	5019	9300
68.7	5073	9400
68.8	5127	9500
68.9	5181	9600
68.10	5235	9700
68.11	5289	9800
68.12	5343	9900
68.13	5397	10,000
68.14	any amount in excess of	
68.15	5397	10,000

68.16 (e) For a defined benefit relief association in which the governing bylaws provide  
 68.17 for a monthly benefit service pension as an alternative form of service pension payment  
 68.18 to a lump-sum service pension, the maximum service pension amount for each pension  
 68.19 payment type must be determined using the applicable table contained in this subdivision.

68.20 (f) If a defined benefit relief association establishes a service pension in compliance  
 68.21 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
 68.22 amount of available financing per active covered firefighter is subsequently reduced  
 68.23 because of a reduction in fire state aid or because of an increase in the number of active  
 68.24 firefighters, the relief association may continue to provide the prior service pension  
 68.25 amount specified in its bylaws, but may not increase the service pension amount until  
 68.26 the minimum average amount of available financing per firefighter under the table in  
 68.27 paragraph (c) or (d), whichever applies, permits.

68.28 (g) No defined benefit relief association is authorized to provide a service pension in  
 68.29 an amount greater than the largest applicable flexible service pension maximum amount  
 68.30 even if the amount of available financing per firefighter is greater than the financing  
 68.31 amount associated with the largest applicable flexible service pension maximum.

68.32 (h) The method of calculating service pensions must be applied uniformly for all  
 68.33 years of active service ~~and~~. Credit must be given for all years of active service except  
 68.34 ~~as otherwise provided in this section~~ for caps on service credit if so provided in the bylaws  
 68.35 of the relief association.

68.36 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
 68.37 20, and article 3, section 10, are enacted.

69.1 Sec. 6. Minnesota Statutes 2008, section 424A.02, subdivision 3a, as amended by  
69.2 article 1, section 21, is amended to read:

69.3 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)

69.4 If a defined benefit relief association pays a service pension greater than the maximum  
69.5 service pension associated with the applicable average amount of available financing per  
69.6 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
69.7 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable  
69.8 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
69.9 less, the state auditor shall:

69.10 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
69.11 with the relief association from receiving fire state aid by making the appropriate  
69.12 notification to the municipality and the commissioner of revenue, with the disqualification  
69.13 applicable for the next apportionment and payment of fire state aid; and

69.14 (2) order the treasurer of the applicable relief association to recover the amount of  
69.15 the overpaid service pension or pensions from any retired firefighter who received an  
69.16 overpayment.

69.17 (b) Fire state aid amounts from disqualified municipalities for the period of  
69.18 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
69.19 fire insurance premium tax proceeds available for the next subsequent fire state aid  
69.20 apportionment.

69.21 (c) The amount of any overpaid service pension recovered under paragraph (a),  
69.22 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
69.23 available for the next subsequent fire state aid apportionment.

69.24 (d) The determination of the state auditor that a relief association has paid a service  
69.25 pension greater than the applicable maximum must be made on the basis of the information  
69.26 filed by the relief association and the municipality with the state auditor under sections  
69.27 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
69.28 relevant information that comes to the attention of the state auditor. The determination  
69.29 of the state auditor is final. An aggrieved municipality, relief association, or person may  
69.30 appeal the determination under section 480A.06.

69.31 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
69.32 21, and article 3, section 9, are enacted.

69.33 Sec. 7. Minnesota Statutes 2008, section 424A.02, subdivision 8, as amended by  
69.34 article 1, section 23, is amended to read:

70.1 Subd. 8. **Lump sum service pensions; installment payments.** A defined benefit  
70.2 relief association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~  
70.3 ~~member~~ intended recipient and in lieu of a single payment of a lump sum service pension  
70.4 or survivor benefit, a lump sum service pension or survivor benefit in installments.

70.5 The election of installment payments is irrevocable and must be made by the ~~retiring~~  
70.6 ~~member~~ intended recipient in writing and filed with the secretary of the relief association  
70.7 no later than 30 days ~~prior to~~ before the commencement of payment of the service pension  
70.8 or survivor benefit. The amount of the installment payments must be determined ~~so that~~  
70.9 ~~the present value of the aggregate installment payments computed at an interest rate of five~~  
70.10 ~~percent, compounded annually, is equal to the amount of the single lump sum payment~~  
70.11 ~~which would have been made had the installment payments option not been elected. The~~  
70.12 ~~payment of each installment must include interest at the rate of five percent, compounded~~  
70.13 ~~annually on the reserve supporting the remaining installment payments as of the date~~  
70.14 ~~on which the previous installment payment was paid and computed from the date on~~  
70.15 ~~which the previous installment payment was paid to the date of payment for the current~~  
70.16 installment payment in any reasonable manner provided for in the governing bylaws, but  
70.17 the total amount of installment payments may not exceed the single payment service  
70.18 pension amount plus interest at an annual rate of five percent on the amount of delayed  
70.19 payments for the period during which payment was delayed.

70.20 ~~To the extent that the state auditor deems it to be necessary or practical, the state~~  
70.21 ~~auditor may specify and issue procedures, forms or mathematical tables for use in~~  
70.22 ~~performing the calculations required under this subdivision.~~

70.23 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
70.24 23, and article 3, section 11, are enacted.

70.25 Sec. 8. Minnesota Statutes 2008, section 424A.02, subdivision 10, as amended by  
70.26 article 1, section 27, is amended to read:

70.27 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
70.28 defined benefit relief association to which this section applies must file a revised copy  
70.29 of its governing bylaws with the state auditor upon the adoption of any amendment to  
70.30 its governing bylaws by the relief association or upon the approval of any amendment  
70.31 to its governing bylaws granted by the governing body of each municipality served by  
70.32 the fire department to which the relief association is directly associated. Failure of the  
70.33 relief association to file a copy of the bylaws or any bylaw amendments with the state  
70.34 auditor disqualifies the municipality from the distribution of any future fire state aid until  
70.35 this filing requirement has been completed.

71.1 (b) If the special fund of the relief association does not have a surplus over full  
71.2 funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,  
71.3 subdivision 4, and if the municipality is required to provide financial support to the special  
71.4 fund of the relief association under section 69.772 or 69.773, no bylaw amendment which  
71.5 would affect the amount of, the manner of payment of, or the conditions for qualification  
71.6 for service pensions or ancillary benefits or disbursements other than administrative  
71.7 expenses authorized under section 69.80 payable from the special fund of the relief  
71.8 association is effective until it has been ratified by the governing body or bodies of the  
71.9 appropriate municipalities. If the municipality is not required to provide financial support  
71.10 to the special fund under this section, the relief association may adopt or amend without  
71.11 municipal ratification its articles of incorporation or bylaws which increase or otherwise  
71.12 affect the service pensions or ancillary benefits payable from the special fund so long as  
71.13 the changes do not cause the amount of the resulting increase in the accrued liability of  
71.14 the special fund to exceed 90 percent of the amount of the ~~prior~~ surplus over full funding  
71.15 reported in the prior year and the changes do not result in the financial requirements of the  
71.16 special fund exceeding the expected amount of the subsequent calendar year's fire state  
71.17 aid to be received by the relief association.

71.18 (c) If the relief association pays only a lump sum pension, the financial requirements  
71.19 are to be determined by the board of trustees following the preparation of an estimate  
71.20 of the expected increase in the accrued liability and annual accruing liability of the  
71.21 relief association attributable to the change. If the relief association pays a monthly  
71.22 benefit service pension, the financial requirements are to be determined by the board of  
71.23 trustees following either an updated actuarial valuation including the proposed change  
71.24 or an estimate of the expected actuarial impact of the proposed change prepared by the  
71.25 actuary of the relief association. If a relief association adopts or amends its articles  
71.26 of incorporation or bylaws without municipal ratification under this subdivision, and,  
71.27 subsequent to the amendment or adoption, the financial requirements of the special fund  
71.28 under this section are such so as to require financial support from the municipality, the  
71.29 provision which was implemented without municipal ratification is no longer effective  
71.30 without municipal ratification, and any service pensions or ancillary benefits payable after  
71.31 that date must be paid only in accordance with the articles of incorporation or bylaws as  
71.32 amended or adopted with municipal ratification.

71.33 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
71.34 27, and article 3, section 12, are enacted.

72.1 Sec. 9. Minnesota Statutes 2008, section 424A.04, subdivision 1, as amended by  
72.2 article 1, section 32, is amended to read:

72.3 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
72.4 a municipal fire department must be managed by a board of trustees consisting of nine  
72.5 members. Six trustees must be elected from the membership of the relief association and  
72.6 three trustees must be drawn from the officials of the municipalities served by the fire  
72.7 department to which the relief association is directly associated. The bylaws of a relief  
72.8 association which provides a monthly benefit service pension may provide that one of  
72.9 the six trustees elected from the relief association membership may be a retired member  
72.10 receiving a monthly pension who is elected by the membership of the relief association.  
72.11 The three municipal trustees must be one elected municipal official and one elected or  
72.12 appointed municipal official who are designated as municipal representatives by the  
72.13 municipal governing board annually and the chief of the municipal fire department.

72.14 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
72.15 corporation must be managed by a board of trustees consisting of nine members. Six  
72.16 trustees must be elected from the membership of the relief association, two trustees must  
72.17 be drawn from the officials of the municipalities served by the fire department to which the  
72.18 relief association is directly associated, and one trustee must be the fire chief serving with  
72.19 the independent nonprofit firefighting corporation. The bylaws of a relief association may  
72.20 provide that one of the six trustees elected from the relief association membership may  
72.21 be a retired member receiving a monthly pension who is elected by the membership of  
72.22 the relief association. The two municipal trustees must be elected or appointed municipal  
72.23 officials, selected as follows:

72.24 (1) if only one municipality contracts with the independent nonprofit firefighting  
72.25 corporation, the municipal trustees must be two officials of the contracting municipality  
72.26 who are designated annually by the governing body of the municipality; or

72.27 (2) if two or more municipalities contract with the independent nonprofit corporation,  
72.28 the municipal trustees must be one official from each of the two largest municipalities  
72.29 in population who are designated annually by the governing bodies of the applicable  
72.30 municipalities.

72.31 (c) The municipal trustees for a relief association that is directly associated with a  
72.32 fire department operated as or by a joint powers entity must be the fire chief of the fire  
72.33 department and two trustees designated annually by the joint powers board. The municipal  
72.34 trustees for a relief association that is directly associated with a fire department service  
72.35 area township must be the fire chief of the fire department and two trustees designated by  
72.36 the township board.



73.1 (d) If a relief association lacks the municipal board members provided for in  
73.2 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
73.3 organized municipality, joint powers entity, or township, the municipal board members  
73.4 must be appointed the fire chief of the fire department and two board members from the  
73.5 fire department service area by the board of commissioners of the applicable county.

73.6 (e) The term of the appointed municipal board members is one year or until the  
73.7 person's successor is qualified, whichever is later.

73.8 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
73.9 and duties accorded to any other trustee, except the right to be an officer of the relief  
73.10 association board of trustees.

73.11 (g) A board must have at least three officers, who are a president, a secretary and a  
73.12 treasurer. These officers must be elected from among the elected trustees by either the full  
73.13 board of trustees or by the relief association membership, as specified in the bylaws. In  
73.14 no event may any trustee hold more than one officer position at any one time. The terms  
73.15 of the elected trustees and of the officers of the board must be specified in the bylaws of  
73.16 the relief association, but may not exceed three years. If the term of the elected trustees  
73.17 exceeds one year, the election of the various trustees elected from the membership must be  
73.18 staggered on as equal a basis as is practicable.

73.19 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
73.20 32, and article 3, section 13, are enacted.

73.21 Sec. 10. Minnesota Statutes 2008, section 424A.05, subdivision 3, as amended by  
73.22 article 1, section 35, is amended to read:

73.23 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
73.24 from the special fund may not be made for any purpose other than one of the following:

73.25 (1) for the payment of service pensions to retired members of the relief association if  
73.26 authorized and paid under law and the bylaws governing the relief association;

73.27 (2) for the payment of temporary or permanent disability benefits to disabled  
73.28 members of the relief association if authorized and paid under law and specified in amount  
73.29 in the bylaws governing the relief association;

73.30 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
73.31 or if none, to designated beneficiaries, of deceased members of the relief association, and  
73.32 if no survivors and if no designated beneficiary, for the payment of a death benefit to the  
73.33 estate of the deceased active or deferred firefighter, if authorized by and paid under law  
73.34 and specified in amount in the bylaws governing the relief association;

74.1 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
 74.2 Department Association; and to the Minnesota Area Relief Association Coalition, and to  
 74.3 ~~the state Volunteer Firefighters Benefit Association~~ in order to entitle relief association  
 74.4 members to membership in and the benefits of these associations or organizations; ~~and~~

74.5 (5) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
 74.6 Association, or an insurance company licensed by the state of Minnesota offering casualty  
 74.7 insurance, in order to entitle relief association members to membership in and the benefits  
 74.8 of the association or organization; and

74.9 (6) for the payment of administrative expenses of the relief association as authorized  
 74.10 under section 69.80.

74.11 (b) For purposes of this chapter, for a monthly benefit volunteer fire relief association  
 74.12 or for a combination lump sum and monthly benefit volunteer fire relief association where  
 74.13 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
 74.14 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of  
 74.15 this chapter, for a defined contribution volunteer fire relief association, for a lump sum  
 74.16 volunteer fire relief association, or for a combination lump sum and monthly benefit  
 74.17 volunteer fire relief association where a lump sum service pension has been elected by  
 74.18 or a lump sum benefit is payable with respect to a firefighter, a designated beneficiary  
 74.19 may be a trust created under chapter 501B.

74.20 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
 74.21 35, and article 3, section 14, are enacted.

74.22 Sec. 11. Minnesota Statutes 2008, section 424A.08, as amended by article 1, section  
 74.23 39, is amended to read:

74.24 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
 74.25 **AUTHORIZED DISBURSEMENTS.**

74.26 (a) Any qualified municipality which is entitled to receive fire state aid but which  
 74.27 has no volunteer firefighters' relief association directly associated with its fire department  
 74.28 and which has no full-time firefighters with retirement coverage by the public employees  
 74.29 police and fire retirement plan shall deposit the fire state aid in a special account  
 74.30 established for that purpose in the municipal treasury. Disbursement from the special  
 74.31 account may not be made for any purpose except:

74.32 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
 74.33 Department Association and to the state Volunteer Firefighters' Benefit Association in  
 74.34 order to entitle its firefighters to membership in and the benefits of these state associations;

75.1 (2) payment of the cost of purchasing and maintaining needed equipment for the  
75.2 fire department; and

75.3 (3) payment of the cost of construction, acquisition, repair or maintenance of  
75.4 buildings or other premises to house the equipment of the fire department.

75.5 (b) A qualified municipality which is entitled to receive fire state aid, which has no  
75.6 volunteer firefighters' relief association directly associated with its fire department and  
75.7 which has full-time firefighters with retirement coverage by the public employees police  
75.8 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the  
75.9 payment of the employer contribution requirement with respect to firefighters covered by  
75.10 the public employees police and fire retirement plan under section 353.65, subdivision 3,  
75.11 or for a combination of the two types of disbursements.

75.12 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
75.13 39, and article 3, section 15, are enacted.

75.14 Sec. 12. Minnesota Statutes 2008, section 424A.10, subdivision 1, as amended by  
75.15 article 1, section 40, is amended to read:

75.16 Subdivision 1. **Definitions.** For purposes of this section:

75.17 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
75.18 of pension or retirement benefits from a volunteer firefighters' relief association for service  
75.19 that the individual has performed as a volunteer firefighter;

75.20 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~  
75.21 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under  
75.22 section 424A.001, subdivision 6, or, if none, the surviving minor child or minor children  
75.23 of a deceased active or deferred volunteer firefighter;

75.24 (3) "active volunteer firefighter" means a person who regularly renders fire  
75.25 suppression service for a municipal fire department or an independent nonprofit firefighting  
75.26 corporation, who has met the statutory and other requirements for relief association  
75.27 membership, and who ~~has been~~ is deemed by the relief association under law and its  
75.28 bylaws to be a fully qualified member of the relief association for at least one month; and

75.29 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
75.30 terminated active firefighting service, has sufficient service credit from the applicable relief  
75.31 association to be entitled to a service pension under the bylaws of the relief association,  
75.32 but has not applied for or has not received the service pension.

75.33 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
75.34 40, and article 3, section 16, are enacted.

76.1       Sec. 13. **REPEALER.**

76.2             Minnesota Statutes, section 424A.016, subdivision 8, as proposed in article 1,  
76.3 section 17, is repealed.

76.4             Minnesota Statutes 2008, section 424A.02, subdivision 9b, as amended by article  
76.5 1, section 26, is repealed.

76.6             **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
76.7 26, is enacted.