

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

Section 1. Minnesota Statutes 1976, Section 275.11, is amended by adding a subdivision to read:

Subd. 4. A city which has a major electric generating facility within its borders, which is designed for operation at a capacity of 500 megawatts or more and is capable of producing electrical energy for the purpose of transmission and distribution to a consumer, shall be exempt from the per capita levy limits set by section 275.11.

Sec. 2. **EFFECTIVE DATE.** This act is effective for taxes levied in 1978 and thereafter, payable in 1979 and thereafter.

Approved March 28, 1978.

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CHAPTER 720-H.F.No.1859

[Coded in Part]

*An act relating to retirement; providing for an exclusion from public pension coverage for those persons covered by certain federal public service employment programs in compliance with federal regulations; establishment of reserve accounts for certain provisional members; increasing highway patrol officers survivor benefits; providing a post-retirement adjustment for certain former probate judges; authorizing purchase of prior service credit by certain tax court judges; appropriating money; amending Minnesota Statutes 1976, Sections 69.29; 136.80, Subdivision 1; 352B.01, Subdivision 2; 352B.11, Subdivision 2; 353.64, by adding a subdivision; 354A.10; 423.23; 423.372; 423.43; 423.801, Subdivision 2; 424.03; Chapter 356, by adding sections; Chapter 490, by adding a section; and Laws 1969, Chapter 950, Section 1; Minnesota Statutes, 1977 Supplement, Sections 352.01, Subdivision 2B; 353.01, Subdivision 2b; 354.05, Subdivision 2; and 422A.09, Subdivision 3.*

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

Section 1. Minnesota Statutes 1976, Section 69.29, is amended to read:

**69.29 EXCLUSION FROM MEMBERSHIP.** Each firemen's relief association may exclude all applicants for membership who are not physically and mentally sound so as to prevent unwarranted risks for the association. Additional requirements for entrance fees and annual dues for membership in the association may from time to time be prescribed in the bylaws of the association. Each firemen's relief association may exclude from active membership all members who reach 65 years of age regardless of the provisions of sections 197.45 to 197.48. When such members who have reached 65 years of age have been so excluded from active membership in the relief association, they shall be retired and receive a service pension as provided in this chapter.

The St. Paul and Duluth firefighters relief associations shall exclude and the Minneapolis firefighters relief association shall exclude or shall consider as a provisional

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member of the relief association pursuant to section 11, as specified by the city council of the city of Minneapolis, all applicants for membership and all present members who are employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal comprehensive employment and training act from and after the effective date of this act unless the applicant or member has as of the later of the date of application for membership or the effective date of this act sufficient service credit in the relief association to meet the minimum vesting requirements for a deferred service pension, or the city of the first class agrees in writing to make the total required employer contributions on account of that individual from revenue sources other than funds provided under the federal comprehensive employment and training act, or the applicant or member agrees in writing to make the required employer contributions in addition to the member contribution.

Sec. 2. Minnesota Statutes 1976, Section 136.80, Subdivision 1, is amended to read:

**136.80 SUPPLEMENTAL RETIREMENT.** Subdivision 1. A supplemental retirement plan for personnel employed by the state university board and the state board for community colleges who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full time contract shall be covered under the terms and conditions of sections 136.81 to 136.86. Any unclassified employee who is employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall not be included in the supplemental retirement plan provided for in sections 136.81 to 136.86 from and after the effective date of this act unless the unclassified employee has as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by section 136.81 on account of that unclassified employee from revenue sources other than funds provided under the federal comprehensive employment and training act, or the unclassified employee agrees in writing to make the employer contribution required by section 136.81 in addition to the member contribution.

Sec. 3. Minnesota Statutes, 1977 Supplement, Section 352.01, Subdivision 2B, is amended to read:

Subd. 2B. **EXCLUDED EMPLOYEES.** The following persons are excluded from the meaning of state employee:

(1) Elective state officers;

(2) Students employed by the university of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board or the state board for community colleges, as the case may be;

(3) Employees who are eligible to membership in the state teachers retirement association except employees of the department of education who have elected or may

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elect to be covered by the Minnesota state retirement system instead of the teachers retirement association;

(4) Employees of the university of Minnesota who are excluded from coverage by action of the board of regents;

(5) Officers and enlisted men in the national guard and the naval militia and such as are assigned to permanent peacetime duty who pursuant to federal law are or are required to be members of a federal retirement system;

(6) Election officers;

(7) Persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;

(8) Officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;

(9) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except employees of the supreme court and referees and adjusters employed by the department of labor and industry;

(10) Patient and inmate help in state charitable, penal and correctional institutions including the Minnesota veterans home;

(11) Persons employed for professional services where such service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(12) Employees of the Sibley House Association;

(13) Employees of the Grand Army of the Republic and employees of the ladies of the G.A.R.;

(14) Operators and drivers employed pursuant to section 16.07, subdivision 4;

(15) Members of the tax court, the personnel board, and the members of any other state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of such boards if their compensation is \$500 or less per year, or, if they are legally prohibited from serving more than two consecutive terms and their total service therefor is required by law to be less than ten years; and the board of managers of the state agricultural society and its treasurer unless he is also its full time secretary;

(16) State highway patrolmen;

(17) Temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of the same year; also persons employed at

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any time or times by the state fair administration for special events held on the fairgrounds;

(18) Emergency employees in the classified service except emergency employees who within the same pay period become provisional or probationary employees on other than a temporary basis, shall be deemed "state employees" retroactively to the beginning of the pay period;

(19) Persons described in section 352B.01, subdivision 2, clauses (b) and (c) formerly defined as state police officers;

(20) All temporary employees in the classified service, all temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one year period and all seasonal help in the unclassified service employed by the department of revenue;

(21) Trainees paid under budget classification number 41, and other trainee employees, except those listed in subdivision 2A(10);

(22) Persons whose compensation is paid on a fee basis;

(23) State employees who in any year have credit for 12 months service as teachers in the public schools of the state and as such teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(24) Employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(25) Chaplains and nuns who have taken a vow of poverty as members of a religious order;

(26) Labor service employees employed as a laborer 1 on an hourly basis;

(27) Examination monitors employed by departments, agencies, commissions, and boards for the purpose of conducting examinations required by law;

(28) Members of appeal tribunals, exclusive of the chairman to which reference is made in section 268.10, subdivision 4;

(29) Persons appointed to serve as members of fact finding commissions, adjustment panels, arbitrators, or labor referees under the provisions of chapter 179;

(30) Temporary employees employed for limited periods of time under any state or federal program for the purpose of training or rehabilitation including persons employed thereunder for limited periods of time from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

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(31) Full time students employed by the Minnesota historical society who are employed intermittently during part of the year and full time during the summer months;

(32) Temporary employees, appointed for not more than six months, of the Metropolitan council and of any of its statutory boards, the members of which board are appointed by the metropolitan council;

(33) Persons employed in positions designated by the department of personnel as student workers;

(34) Any person who is 65 years of age or older when appointed and who does not have allowable service credit for previous employment, unless such employee gives notice to the director within 60 days following his appointment that he desires coverage; ~~and~~

(35) Tradesmen employed by the metropolitan waste control commission with trade union pension plan coverage pursuant to a collective bargaining agreement first employed after June 1, 1977; and

(36) Persons employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal comprehensive employment and training act from and after the effective date of this act, unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution.

Sec. 4. Minnesota Statutes 1976, Section 352B.01, Subdivision 2, is amended to read:

Subd. 2. "Member" means (a) all of the persons referred to and employed on and after July 1, 1943 pursuant to the provisions of Laws 1929, Chapter 355, and all acts amendatory thereof and supplementary thereto, currently employed by the state, whose salaries or compensation is paid out of funds of the state of Minnesota; (b) Any conservation officer employed under the provisions of section 97.50, currently employed by the state, whose salary or compensation is paid out of funds of the state; and (c) any crime bureau officer employed as police personnel, with powers of arrest by warrant, pursuant to the provisions of section 299C.04, currently employed by the state, whose salary or compensation is paid out of funds of the state.

Member shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after the effective date of this act, unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting

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requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution.

Sec. 5. Minnesota Statutes 1976, Section 352B.11, Subdivision 2, is amended to read:

Subd. 2. **DEATH; PAYMENT TO SPOUSE AND CHILDREN.** In the event any member of the association serving actively as a member, shall die from any cause, the association shall grant annuities or benefit payments from the retirement fund to his surviving spouse and to a dependent child or dependent children. The surviving spouse and dependent child or dependent children shall be entitled to annuity as follows:

(a) To the surviving spouse, for her natural life, a monthly annuity equal to 20 percent of that portion of the average monthly salary of the member from which deductions were made for retirement. If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage. The surviving spouse of a former member who, after attaining 55 years of age, elected to receive a joint and survivor annuity, shall, notwithstanding her remarriage, receive such joint and survivor annuity, for her natural life, in lieu of the annuity prescribed by this subdivision. In the event such former member did not elect to receive a joint and survivor annuity his surviving spouse shall receive the annuity provided herein.

(b) Notwithstanding the provisions of clause (a), the surviving spouse of any member who had served for 20 years or more and who was not 55 years of age at his death, shall receive the benefit equal to 20 percent of the average monthly salary as described in clause (a) until the deceased member would have reached his 55th birthday, and beginning the first of the month following that date, she shall be entitled to receive the joint and survivor annuity designated as option 1 under the administrative procedure of the association dated November 1, 1965. If the surviving spouse remarries prior to the deceased member's 55th birthday, all benefits or annuities shall cease as of the date of remarriage. The provisions of this clause shall be retroactive to July 1, 1969, but no payments shall be made until July 1, 1973.

(c) To each dependent child, a monthly annuity equal to ten percent of that portion of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over the age of 18 years and under the age of 22 years also may receive the monthly benefit provided herein, if said child is continuously attending an accredited school as a fulltime student during the normal school year as determined by the board of the fund. If said child does not continuously attend school but separates himself during any portion of a school year, the annuity shall cease at the end of the month of separation. In addition, the association shall make a payment of \$20 per month to be prorated equally to such children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent

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child shall be made to the surviving spouse, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed ~~\$400~~ 40 percent of the average monthly salary for any number of children. The provisions of this clause are effective retroactively to March 1, 1967, ~~provided that the increase in the maximum monthly benefit shall not take effect until July 1, 1973; and provided further that the increase in the maximum monthly benefit from \$200 to \$400 shall not be effective retroactively 1978.~~

(d) If the member shall die under circumstances which entitle his surviving spouse and dependent children to receive benefits under the worker's compensation law, the amounts so received by them shall not be deducted from the benefits payable under this section. The provisions of this clause are effective retroactively to June 30, 1964.

(e) In the event any former member who had separated from service prior to having completed 20 years of service except former members permanently disabled in performance of duty and was not employed by the state in a capacity entitling him to accumulate allowable service credit at the time of his death, his widow and children or heirs shall be entitled to receive any funds he may have left on deposit in the highway patrolmen's retirement fund, but shall receive no further benefits under this chapter.

Sec. 6. Minnesota Statutes, 1977 Supplement, Section 353.01, Subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** The following persons are excluded from the meaning of "public employee":

(a) Persons employed for professional services where such service is incidental to regular professional duties.

(b) Election officers.

(c) Independent contractors and their employees.

(d) Patient and inmate help in governmental subdivision charitable, penal and correctional institutions.

(e) Members of boards, commissions, bands and others who serve the governmental subdivision intermittently.

(f) Employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year. Immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$250 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4, and they shall remain members until termination of public service.

(g) Part time employees who receive monthly compensation not exceeding \$250,

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and part time employees and elected officials whose annual compensation is stipulated in advance to be not more than \$3,000 per year, except that members shall continue their membership until termination of public service.

(h) Persons who first occupy an elected office after February 1, 1969, the compensation for which does not exceed \$150 per month.

(i) Emergency employees who are employed by reason of work caused by fire, flood, storm or similar disaster.

(j) Employees who by virtue of their employment are required to contribute to any other pension, relief or retirement fund established for the benefit of officers and employees of a governmental subdivision, except as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association; provided that this clause shall not prevent a person who belongs to the public employees retirement association from also belonging to or contributing to a volunteer firemen's relief association that does not determine its benefits or contributions on the basis of the salary or compensation of the fireman.

(k) Police matrons employed in a police department of any city who are transferred to the jurisdiction of a joint city and county detention and corrections authority.

(l) Chaplains and nuns who have taken a vow of poverty as members of a religious order.

(m) Full time students who are enrolled and are regularly attending classes at an accredited school, college or university; provided, no full time public employees shall be exempt under this paragraph and any such employees presently exempt hereunder shall become members as of July 1, 1976.

(n) Resident physicians, medical interns and pharmacist interns who are serving in public hospitals.

(o) Appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971.

(p) Nothing in Laws 1973, Chapter 753 shall be interpreted to impair or revoke any option exercised under Laws 1963, Chapter 793.

(q) Persons employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal comprehensive employment and training act from and after the effective date of this act, unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided

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under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contributions in addition to the required employee contribution.

Sec. 7. Minnesota Statutes 1976, Section 353.64, is amended by adding a subdivision to read:

Subd. 6. Any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall be excluded from membership in the police and fire fund from and after the effective date of this act, unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contributions in addition to the required employee contribution.

Sec. 8. Minnesota Statutes, 1977 Supplement, Section 354.05, Subdivision 2, is amended to read:

Subd. 2. **TEACHER.** The word "teacher" includes any person who has rendered, is rendering, or shall hereafter render, service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state, located outside of the corporate limits of the cities of the first class, in the state universities, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who has been engaged, is engaged, or shall hereafter be engaged, in educational administration in connection with the state public school system, including the state university system and state community college system, but excluding the university of Minnesota, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with such systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association employed subsequent to July 1, 1969, and any nurse, counselor, social worker or psychologist who has rendered, is rendering or shall hereafter render service in the public schools as defined above or in state universities. The term shall also include any person who renders teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of such combined employment will be covered by the teachers retirement association. The term does not mean any person who works for such school or institution as an independent contractor. The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after the effective date of this act, unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements

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for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution.

Sec. 9. Minnesota Statutes 1976, Section 354A.10, is amended to read:

**354A.10 TEACHERS; EXTENSION TO EMPLOYEES OF ASSOCIATION.** The word "teachers," as used in sections 354A.01 to 354A.10, includes superintendents, supervisors, principals, as well as instructors, who are in the employ of the board of education or board of school inspectors in the city mentioned in sections 354A.01 to 354A.10, and the plan or articles of incorporation of any such association heretofore established or hereafter established may also provide by amendment thereto, or otherwise, that it shall include employees and former, or retired employees of such association, provided however, that no employee, former or retired employee who has a credit or credits to his account as a municipal employee under chapter 422, shall be required to become a member of any such association unless he has given written notice to such association and to the retirement board of the municipality with which he has such a credit within two years after becoming eligible to such membership of his desire to avail himself of the provisions of sections 354A.01 to 354A.10 and become a member of such association. Upon so electing, the city treasurer and retirement board of the municipality with which such employee or former or retired employee so has a credit, shall transfer and pay over to such association all of the moneys remaining to the credit of such employee, former or retired employee, whereupon he shall become a member of such association, and such moneys shall be held by and applied toward his benefit in accordance with the articles of incorporation and bylaws of such association. The retirement fund so paying over and transferring said moneys shall thereupon be relieved of all further liability and responsibility to such employee, former or retired employee, of any nature whatsoever arising out of his former contributions to, credits, or participation in, the municipal pension and retirement plan adopted pursuant to chapter 422.

No employee of a teachers' retirement fund association to whom sections 354A.01 to 354A.10 hereafter apply in accordance with this section, shall be required or permitted to become a member of any retirement fund or relief association or to contribute to any fund established for such purpose except a fund established pursuant to the terms of sections 354A.01 to 354A.10.

For the St. Paul and Duluth teachers retirement fund associations, and for the Minneapolis teachers retirement fund association unless the person is designated by the board of education of special school district number 1 pursuant to section 11 as a provisional member of the teachers retirement fund association, the terms "teachers", "teacher" or "member" as used in this chapter and in the articles of incorporation and bylaws of any teachers retirement fund association established pursuant to this chapter shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive education and training act from and after the effective date of this act, unless the person has as of

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the later of the effective date of this act or the date of employment sufficient service credit in the teachers retirement fund association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contributions in addition to the required employee or member contributions.

Sec. 10. Minnesota Statutes 1976, Chapter 356, is amended by adding a section to read:

**[356.45] MEMBERSHIP OF CERTAIN PERSONS IN VARIOUS RETIREMENT FUNDS OR PLANS. Subdivision 1. EXCLUSION OF CERTAIN EMPLOYEES IN CERTAIN FEDERAL PROGRAMS.** No person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after the effective date of this act shall be included as a member of a public retirement fund, unless the person is employed by an employer where public retirement coverage is to be provided by a covered fund enumerated in section 11, subdivision 2, and the city council of the city of Minneapolis specifies that the person is to be considered as a provisional member of the relief association pursuant to section 11, or unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit under the provisions of the plan to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing to make the total required employer contributions, including any employer additional contribution, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contributions in addition to any required employee contribution.

**Subd. 2. COVERED FUNDS.** The provisions of this section shall apply to the following retirement funds or plans:

(1) metropolitan transit commission - transit operating division employees retirement plan;

(2) university of Minnesota faculty retirement plan;

(3) university of Minnesota faculty supplemental retirement plan;

(4) university of Minnesota police retirement plan;

(5) any municipal retirement fund or plan providing pension or retirement coverage for police officers or paid firefighters which was established and is governed in whole or in part by special legislation;

(6) any retirement fund or plan established, maintained, or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees,

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assessments or from other public sources which provides pension or retirement coverage for public employees, other than police officers or paid firefighters, who are not covered by a retirement fund enumerated in section 356.30, subdivision 3; or

(7) any supplemental retirement plan established, maintained, or supported by any government subdivision or public body whose revenues are derived from taxation, fees, assessments or other public sources.

Sec. 11. Minnesota Statutes 1976, Chapter 356, is amended by adding a section to read:

**[356.451] PROVISIONAL MEMBERSHIP FOR CERTAIN PERSONS IN VARIOUS RETIREMENT FUNDS OR PLANS. Subdivision 1. RESERVE ACCOUNT FOR PROVISIONAL MEMBERS; AUTHORIZATION.** Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 2, any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act, who does not have as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred annuity, who otherwise meets all of the applicable eligibility requirements of the fund and who is designated as such by the city council of the city of Minneapolis or the board of education of special school district number 1, whichever is applicable, shall be considered a provisional member of the fund. There shall be established a subsidiary reserve account for provisional members which shall be managed by the board of trustees of the fund as a separate account and which shall not be considered as an asset or a liability of the fund. To this account shall be credited all employee and required employer contributions made by or on account of provisional members. A separate record for each provisional member shall be maintained showing the length of service completed, the accrued employee and required employer contributions made by or on account of each provisional member, and the actual rate of interest earned on the assets of the account. The assets of the separate account shall be invested in the same manner as and subject to the same limitations which are applicable to the general assets of the retirement fund. The board of trustees shall remit back to the prime sponsor of the federal comprehensive employment and training act program periodically as required by the applicable federal regulation an amount equal to the total required employer contributions made on account of provisional members who terminate or who are terminated from subsidized on-the-job training, work experience or public service employment without obtaining unsubsidized employment with an employer who employs members who regularly have retirement coverage provided by that retirement fund or by a retirement fund enumerated in section 356.30, subdivision 3, or without obtaining sufficient service credit to become entitled to a deferred retirement annuity had they been regular members of that retirement fund during the period of their provisional membership, plus interest at the rate or rates actually earned and in addition any amounts which exceed the funds required to cover current provisional members as projected by the board of trustees. Any provisional member who terminates or is terminated from subsidized on-the-job training, work experience or public service employment without obtaining unsubsidized employment with an employer who employs members who regularly have retirement coverage provided by that retirement fund or by a retirement

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fund enumerated in section 356.30, subdivision 3, or without obtaining sufficient service to become entitled to a deferred retirement annuity had he been a regular member of the retirement fund during the period of his provisional membership shall be entitled upon making valid written application to a refund of all employee contributions credited to the member in the subsidiary reserve account for provisional members, plus interest at the average actual rate of interest earned on the assets of the account, but not to exceed the rate of three and one-half percent per annum compounded annually from the date of commencement of provisional membership, computed to the first day of the month in which the refund is processed, and based on fiscal year balances. If the provisional member obtains unsubsidized employment with an employer who employs members who regularly have retirement coverage provided by that retirement fund or by a retirement fund enumerated in section 356.30, subdivision 3, or obtains sufficient service to become entitled to a deferred retirement annuity had the period of provisional membership been as a regular member, the board of trustees shall transfer the total employee and required employer contributions and any interest attributable to those contributions to the regular retirement fund and shall credit the period of service as a provisional member as allowable or formula service. Unless the provisional member becomes a regular member of the same retirement fund or a retirement fund enumerated in section 356.30, subdivision 3, within the time period allowed under the applicable federal regulations following the person's termination of provisional status, no period of provisional membership shall be considered allowable service for purposes of the combined service annuity pursuant to section 356.30 or any service in more than one retirement fund provision. For any former provisional member who becomes a regular member of a retirement fund enumerated in section 356.30, subdivision 3, the board of trustees shall require written certification of the fact of unsubsidized employment from the subsequent employer and of the fact of regular fund membership from the subsequent retirement fund. If any provisional member obtains service in an amount sufficient to entitle the provisional member to a disability benefit or the provisional member's survivor to a survivor's benefit had the provisional member been a regular member for that period of service, then the provisional member or the provisional member's survivor shall be entitled to a benefit when otherwise qualified notwithstanding the fact that the person was a provisional member. Upon the commencement of such benefit, an amount equal to the contributions and interest credited to the provisional member shall be transferred from the reserve account for provisional members to the regular fund. In any actuarial valuation made by the fund pursuant to chapter 356, the results of the subsidiary reserve account for provisional members shall be contained in a separate calculation or tabulation. The separate calculation or tabulation shall use the actuarial assumptions used by the fund which are appropriate to the experience of the subsidiary reserve account for provisional members, and shall include the items contained in section 356.215, subdivision 4, clauses (1), (2), (6)(a), and (1)).

Subd. 2. **COVERED FUNDS.** Subdivision 1 applies to the following funds:

(1) Minneapolis municipal employees retirement fund established pursuant to chapter 422A;

(2) Minneapolis firefighters relief association established pursuant to chapter 69;

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(3) Minneapolis police relief association established pursuant to Laws 1949, Chapter 406, as amended;

(4) Any plan covering employees of the housing and redevelopment agency of the city of Minneapolis as established by law, ordinance, or otherwise;

(5) Minneapolis teachers retirement fund association established pursuant to chapter 354A.

Sec. 12. Minnesota Statutes, 1977 Supplement, Section 422A.09, Subdivision 3, is amended to read:

Subd. 3. The exempt class shall consist of:

(1) Employees who are members of any other organization or association of the city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees.

(2) Persons filling elective position. Provided that any elective officer holding an elective city office, excepting judges of a municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ten or more years of service.

All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in Hennepin county in which they served as an elected official, may retain or resume membership in the fund as an elective officer of the county. The county shall collect and pay to the retirement fund the employee contribution. The employer cost of allowances and benefits credited to an elected officer as set forth above shall be paid from the county revenue fund by the proper county officials upon certification of such costs by the retirement board in the same manner as prescribed in section 422A.08 for the payment of costs by public corporations. A tax shall be levied by Hennepin county to defray the cost of such retirement allowances which may be in addition to all other taxes levied by the county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first became eligible for membership in the fund, in accordance with the method of contribution herein provided for, plus four percent compound interest.

(3) Persons serving without pay.

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(4) Persons employed on a temporary basis, as doorkeepers, ticket takers, and attendants at the municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who are contributing members of the fund on July 1, 1959 shall not be affected by the exclusions contained in this section.

(5) A person who is exempted from the contributing class by Minnesota Statutes 1974, Section 422A.09, Subdivision 3, Clauses (4) and (5), but who is employed by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of the city government or independently, if financed in whole or in part by city funds, including any person employed by a public corporation as herein defined, and including any person employed by the Minneapolis school district, each of whom are not a member of any other retirement system, who later becomes a contributing member of the fund may elect to qualify such time for credit by paying into the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first qualified as an exempt member of the contributing class, in accordance with the method of contribution herein provided, plus four percent compound interest.

(6) Any person who is employed by the city or any of its boards, departments, commissions or a public corporation, as herein outlined, and is excluded from participation in the fund by paragraph (4) shall be separated from the service upon reaching the age of 65 regardless of the provisions of the veterans preference act.

(7) Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after the effective date of this act, unless the city council of the city of Minneapolis specifies that the person is to be considered as a provisional member of the retirement fund pursuant to section 11 or unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contribution in addition to the required employee contribution.

Sec. 13. Minnesota Statutes 1976, Section 423.23, is amended to read:

**423.23 POLICE DEPARTMENT MAY INCORPORATE.** The police department in any city of the fourth class is hereby authorized to become incorporated pursuant to the provisions of any laws of the state and to adopt articles of incorporation and bylaws as a relief association. All members of the department at the time of the taking effect of Laws 1935, Chapter 170, and all persons subsequently becoming members of such department shall be members of the association, except municipal court officers and persons appointed for temporary service or for probationary periods. For the purpose of sections 423.22 to 423.26 no employment after six months shall be considered temporary

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or probationary. All such members of the department shall be assessed for entrance fee and dues of the association, as fixed by its bylaws, which with the assessment authorized by section 423.34, shall, when certified by the secretary of the association to the city clerk, be deducted from the pay of such member and paid into the proper fund of the association.

Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall not be included as a member of the relief association from and after the effective date of this act unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the relief association to meet the minimum vesting requirements for a deferred service pension, or the city agrees in writing to make the total required employer contributions on account of that individual from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing to make the required employer contributions in addition to the member contribution.

Sec. 14. Minnesota Statutes 1976, Section 423.372, is amended to read:

**423.372 POLICEMAN, DEFINED; RIGHTS.** A policeman under Laws 1947, Chapter 625, is a duly appointed policeman, policewoman, or police matron, who is regularly entered on the payroll of the police department of such city, serving on active duty therein, after having completed any probationary period required under the laws or ordinances of such city. Probationers in the police department, substitutes and persons employed irregularly from time to time, and elective officials of such department, shall not be deemed to be included under Laws 1947, Chapter 625. All persons who are members of the policemen's relief associations of such cities, on April 29, 1947, whether their status is embraced within the definition of a policeman herein contained or otherwise, shall have the right to continue as members of their respective associations and be entitled to all benefits pertaining thereto, and any member included under the definition of policeman herein provided shall have the right to retain his membership on promotion or appointment to other positions to which such policeman herein may be subject. Laws 1947, Chapter 625, shall not affect any pensions or other benefits which have been allowed or which are being paid by any such relief association under or in accordance with any prior act or acts, on April 29, 1947. Payment of such pensions and benefits shall be continued by the respective associations in accordance with their articles of incorporation and bylaws, and shall be subject to all of the provisions thereof, existing on April 29, 1947, or as thereafter duly repealed or amended.

Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall not be included as a member of the relief association from and after the effective date of this act unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the relief association to meet the minimum vesting requirements for a deferred service pension, or the city agrees in writing to make the total required employer contributions on account of that individual from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing to make the required

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employer contributions in addition to the member contribution.

Sec. 15. Minnesota Statutes 1976, Section 423.43, is amended to read:

**423.43 POLICEMAN DEFINED; PRESENT RELIEF ASSOCIATION; PRESENT BENEFIT RIGHTS; ACCEPTANCE.** A policeman under sections 423.41 to 423.62 is a duly appointed policeman, policewoman, or police matron, who is regularly entered on the payroll of the police department of such city, serving on active duty therein, after having completed any probationary period required under the laws or ordinances of such city. Probationers in the police department, substitutes and persons employed irregularly from time to time, and elective officials of such department, shall not be deemed to be included under sections 423.41 to 423.62. Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall not be included as a member of the relief association from and after the effective date of this act unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the relief association to meet the minimum vesting requirements for a deferred service pension, or the city agrees in writing to make the total required employer contributions on account of that individual from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing to make the required employer contribution in addition to the member contribution.

All persons who are members of the policemen's relief associations of such cities, at the time of the passage of Laws 1947, Chapter 624, whether their status is embraced within the definition of a policeman herein contained or otherwise, shall have the right to continue as members of their respective associations and be entitled to all benefits pertaining thereto, and any member included under the definition of policeman herein provided shall have the right to retain his membership on promotion or appointment to other positions to which such policemen herein may be subject.

Sections 423.41 to 423.62 shall not affect any pensions or other benefits which have been allowed or which are being paid by any such relief association under or in accordance with any prior act or acts, at the time Laws 1947, Chapter 624, becomes effective. Payment of such pensions and benefits shall be continued by the respective associations in accordance with their articles of incorporation and bylaws, and shall be subject to all of the provisions thereof, existing at the time of the passage of Laws 1947, Chapter 624, but each such association may elect to come under the provisions of this act by the adoption of a resolution of the members of said association signifying its intention to do so, by a majority vote of all members then entitled to vote and voting, at any annual meeting of said association, or at any special meeting duly called for that purpose, and upon the filing of a copy of said resolution certified by the proper officers, with the secretary of state, and the filing and recording in the office of the county recorder of the county in which such association is located. Upon the adoption of such a resolution, sections 423.41 to 423.62 shall apply to all accepting associations as fully as though such associations had been formed hereunder, notwithstanding the provisions of any constitution, bylaws, charter provision or ordinance.

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Sec. 16. Minnesota Statutes 1976, Section 423.801, Subdivision 2, is amended to read:

Subd. 2. "Member" means a policeman, policewoman, police matron, radio engineer, clerk, or other person duly appointed and regularly entered on the police payroll and on active duty. The term shall not include any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after the effective date of this act unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the relief association to meet the minimum vesting requirements for a deferred service pension, or the city agrees in writing to make the total required employer contributions on account of that individual from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing to make the required employer contribution in addition to the member contribution.

Sec. 17. Minnesota Statutes 1976, Section 424.03, is amended to read:

**424.03 MEMBERS, DEFINITIONS; RIGHTS.** A fireman under sections 424.01 to 424.29 is one who is regularly entered on the payroll of one of the fire departments, serving on active duty with a designated fire company therein, or having charge of one or more of the companies and engaged in the hazards of fire-fighting; and includes all members of the electrical and mechanical divisions of the fire departments who are subject to like hazards; and shall include all volunteer firemen of the city not on the payroll who regularly comply with such rules as may be prescribed by the governing body of the city for service by volunteer firemen with the fire department of the city, and who by reason of their status as such volunteer firemen are engaged in the hazards of fire-fighting. Substitutes and persons employed irregularly from time to time shall not be included.

Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall not be included as a member of the relief association from and after the effective date of this act unless the person has as of the later of the effective date of this act or the date of employment sufficient service credit in the relief association to meet the minimum vesting requirements for a deferred service pension, or the city agrees in writing to make the total required employer contributions on account of that individual from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contributions in addition to the member contribution.

All persons who are members of the relief associations on April 16, 1941, or who were members of a firemen's relief association in a municipality which shall have become a city of second class by reason of adoption of a home rule charter or increase in its population, whether their status is embraced within the definition of a fireman herein contained or otherwise, shall have the right to continue as members of their respective associations and be entitled to all benefits pertaining thereto, and any member included under the definition of firemen herein provided shall have the right to retain his

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membership on promotion or appointment to other positions to which such firemen herein may be subject.

Sections 424.01 to 424.29 shall not affect any pensions or other benefits which have been allowed or which are being paid by any such relief association under or in accordance with any prior law on April 16, 1941; or as of the date that the municipality may become a city of the second class by reason of the adoption of a home rule charter, or increase in its population. Payment of such pensions and benefits shall be continued by the respective associations, subject only to the provisions of section 424.18.

Sec. 18. Minnesota Statutes 1976, Chapter 490, is amended by adding a section to read:

[490.107] RETIREMENT BENEFITS; INCREASE AND PAYMENT. (1) Effective July 1, 1978, all retirement and disability benefits payable pursuant to sections 490.11, 490.12, subdivisions 1 and 2, and 487.06, commencing with the monthly benefit payment accruing on and after July 1, 1978 shall be paid by the Minnesota state retirement system.

(2) On the effective date of this act the balance of the sums appropriated to the commissioner of finance by Laws 1977, Chapter 432, for payment of the disability benefit made pursuant to sections 490.11 and 490.12, subdivision 1, shall be paid to the Minnesota state retirement system, judges retirement fund.

(3) Prior to July 1, 1978, the county auditors of the counties which on the effective date of this act are liable for the payment of retirement benefits pursuant to sections 487.06 and 490.12, subdivision 2, shall certify to the executive director of the Minnesota state retirement system the amount of the monthly benefit that the former judge of that county is or will be entitled to receive and, on June 30, 1978, and each June 30 thereafter, shall pay to the Minnesota retirement system an amount equal to the annual retirement benefit due such retired judge for the following fiscal year plus \$25 for administrative expense. In the event of the death of the retired judge, the director shall refund to the county any unexpended balance of the moneys the county had paid.

(4) On July 1, 1978, the retirement benefits due and payable as certified by the county auditors and disability benefit paid by the state pursuant to Minnesota Statutes, 1977 Supplement, Section 15A.083, Subdivision 3, shall be increased in accordance with the following schedule:

<u>Benefit payments which</u>	<u>Shall be increased</u>
<u>initially had commenced:</u>	<u>on July 1, 1978</u>
	<u>by the following</u>
	<u>percentages:</u>
<u>Prior to July 1, 1969</u>	<u>19.4 percent</u>
<u>Between July 1, 1969 and June 30, 1970</u>	<u>15.3 percent</u>
<u>Between July 1, 1970 and June 30, 1971</u>	<u>13.0 percent</u>
<u>Between July 1, 1971 and June 30, 1972</u>	<u>8.2 percent</u>
<u>Between July 1, 1972 and June 30, 1976</u>	<u>4.0 percent</u>

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(5) On and after July 1, 1978, these retirement and disability benefits shall be payable from the judges retirement fund but shall thereafter be adjusted in the same manner and at the same time as other benefits payable from the Minnesota adjustable fixed benefit fund. The benefit level in effect on July 1, 1978, including the increase pursuant to clause (4), shall be deemed to be the originally determined benefit for the purpose of future adjustments.

Sec. 19. Laws 1969, Chapter 950, Section 1, is amended to read:

Section 1. **HENNEPIN COUNTY; SUPPLEMENTAL RETIREMENT ACCOUNT.** Beginning January 1, 1970, the county of Hennepin shall deduct from the salary of every employee and officer of the county of Hennepin and its agencies, boards, commissions, authorities, and committees within the classified service as defined in Laws 1965, Chapter 855, and acts amendatory thereof, and supplemental thereto, who has served five years, not necessarily continuous, as such employee, including time served as an employee prior to the effective date of Laws 1965, Chapter 855, and from every such employee within the unclassified service who has served as a county employee for five years, not necessarily continuous, a sum equal to one percent of such employee's total salary. Any classified or unclassified employee who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall not be included in the supplemental retirement account from and after the effective date of this act unless the employee has as of the later of the effective date of this act or the date of employment sufficient service credit in the public employees retirement fund or the Minneapolis municipal employees retirement fund, whichever is applicable, to meet the minimum vesting requirements for a deferred retirement annuity, or the county agrees in writing to make the required employer contributions on account of the individual from revenue sources other than funds provided under the federal comprehensive employment and training act, or the employee agrees in writing to make the required employer contribution in addition to the employee contribution. Such deduction is to be made in the same manner as other retirement deductions are made from the salary of such person. The money so deducted, together with an equal sum which shall be contributed by the county of Hennepin shall be deposited to the credit of the supplemental retirement account in the treasury of the county of Hennepin, which account is hereby established as an account separate and distinct from other funds, accounts, or assets of the county of Hennepin.

Sec. 20. **[356.452] REFUND.** Any person who is a member of any public pension plan or fund to which the provisions of this act apply on the effective date of this act and who is excluded from that membership pursuant to this act shall be entitled, upon making a valid application, to a refund of the accumulated employee or member contributions to the person's credit for the period of employment in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act plus interest at the rate of three and one-half percent per annum compounded annually from the date of commencement of coverage by the pension plan or fund, computed to the first day of the month in which the refund is processed, and based on the fiscal year balances. The refund shall be made without any requirement that the person terminate service prior to becoming eligible to receive the refund and shall be made without any minimum waiting period provided for in the

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provisions of the plan. Notwithstanding any law to the contrary, a refund taken under this section may be repaid to the fund from which it was taken at the fund's applicable rate of interest after attaining unsubsidized public employment with public pension plan or fund coverage and while so employed prior to retirement whether with the same public employer which provided the subsidized employment or another public employer.

**Sec. 21. [356.453] PURCHASE OF PRIOR SERVICE.** Any person who is excluded from pension coverage pursuant to the provisions of this act, but who subsequently becomes employed in unsubsidized public employment with public pension plan or fund coverage, whether with the same public employer which provided the subsidized employment or another public employer, shall be entitled to purchase service credit for that period of prior subsidized public employment, other than a period of prior subsidized public employment for which a repayment of a refund pursuant to section 20 is made, with the public pension plan or fund which, except for the exclusion provided for by this act, would have provided pension coverage for the subsidized employment. Payment shall include all employee and employer contributions at the rates and on the salary in effect when the subsidized employment was rendered plus interest at the rate of six percent per annum compounded annually from the year purchased to the date payment is made; provided, however, that the employer for the unsubsidized employment, the employer for the subsidized employment, or the applicable federal comprehensive employment and training act prime sponsor from funds provided under the federal comprehensive employment and training act, as funds permit, may pay the employer contribution and the employer additional contribution, if any, plus interest at the specified rate. The public employer which provided the subsidized employment shall provide whatever documentation of periods of subsidized public employment and the salary received that the pension plan or fund shall require. Payment shall be made in one lump sum by the date of retirement and no service credit with respect to the payment shall be granted until payment is received by the pension plan or fund.

**Sec. 22. [356.454] INTENT AND INTERPRETATION OF EXCLUSION.** The exclusion from pension or retirement fund coverage provided for by this act is intended to comply with the minimum requirements of the amended federal regulations governing the comprehensive employment and training act of 1973, as amended by the emergency jobs program extension act of 1976, Title 29, Code of Federal Regulations, Section 98.25, effective June 13, 1977 for authorized expenditures after October 1, 1977. Any administrative or judicial interpretation of the exclusion provided for by this act shall limit the extension of this exclusion to the minimum requirements of the amended federal regulation.

**Sec. 23. CERTAIN JUDGES OF THE TAX COURT.** Notwithstanding any law to the contrary, a person who held the office of a judge of the tax court on and prior to July 1, 1977 shall be entitled to obtain credit in the general employees plan of the Minnesota state retirement system for service as a judge of the tax court rendered prior to July 1, 1977 by paying to the executive director of the Minnesota state retirement system for deposit in the state employees retirement fund an amount equal to \$796 for each year of service as a judge of the tax court for which the person elects to obtain service credit. For periods of service less than a full year, the amount of the payment shall be prorated. The tax court, as the employer, shall pay an amount equal to the payment made by the person

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under this section.

**Sec. 24. APPROPRIATION.** There is hereby appropriated from the general fund to the executive director of the Minnesota state retirement system, to be deposited in the judges retirement fund, the sum of \$10,000 to be available for the fiscal year ending June 30, 1979, for the payment of the increases provided in section 18, clause (4).

**Sec. 25. EFFECTIVE DATE.** This act shall be effective the day following final enactment. The exclusion provided for in this act shall commence on the first day of the first pay period following the effective date of this act. If the employer or the employee elects to make the total required contributions under this act, including any employer additional contributions, that election shall be made within one month after the date on which the person would be excluded under the provisions of this act and shall be effective as of the effective date of this act. For any current employee to whom section 11 applies, that employee shall be considered a provisional member for any future service from and after the effective date of this act.

Approved March 29, 1978.

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**CHAPTER 721-H.F.No.2250**

[Coded in Part]

*An act relating to taxation; increasing income tax credits for certain taxpayers; removing sales tax from residential heating fuels; providing income tax credits for homemakers and members of the national guard; repealing the employers excise tax; reducing certain income tax rates; excluding certain retirement benefits from income taxation; providing for retroactive carryforward of feedlot pollution control credit; increasing the size of a homestead qualifying for property tax refund; providing for distribution of taconite production tax to the range association of municipalities and schools; providing funds for taconite property tax relief account; appropriating money; amending Minnesota Statutes 1976, Sections 290.06, Subdivision 3d, and by adding subdivisions; 290A.03, Subdivision 6; 297A.25, Subdivision 1; and Minnesota Statutes, 1977 Supplement, Sections 290.01, Subdivision 20; 290.06, Subdivisions 2c, 3c and 9a; 290.37, Subdivision 1; 298.28, Subdivision 1; and 298.293; repealing Minnesota Statutes 1976, Sections 290.031, Subdivisions 1, 2, 3, 5 and 6; 290.921; 290.922; and Minnesota Statutes, 1977 Supplement, Sections 290.031, Subdivision 4; 290.08, Subdivision 6.*

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

**ARTICLE I: HOME HEATING SALES TAX**

Section 1. Minnesota Statutes 1976, Section 297A.25, Subdivision 1, is amended to read:

297A.25 **EXEMPTIONS.** Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

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