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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3870

02/26/2020 Authored by Nelson, M., The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to retirement; volunteer firefighter relief associations; revising the allocation
1.3 of fire state aid; amending Minnesota Statutes 2019 Supplement, section 477B.04,
1.4 subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 477B.

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

1.6 Section 1. Minnesota Statutes 2019 Supplement, section 477B.04, subdivision 3, is amended
1.7 to read:

1.8 Subd. 3. Deposit of state aid. (a) If the municipality or the independent nonprofit
1.9 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement
1.10 plan under chapter 353G, the executive director of the Public Employees Retirement
1.11 Association must credit the fire state aid against future municipal contribution requirements
1.12 under section 353G.08 and must notify the municipality or the independent nonprofit
1.13 firefighting corporation of the fire state aid so credited at least annually.

1.14 (b) If (1) the municipality or the independent nonprofit firefighting corporation is not
1.15 covered by the voluntary statewide volunteer firefighter retirement plan, and is affiliated
1.16 with a duly incorporated firefighters relief association, (2) the relief association has filed a
1.17 financial report with the municipality pursuant to section 424A.014, subdivision 1 or 2,
1.18 whichever applies, and (3) there is not an aid allocation agreement under section 477B.042
1.19 in effect, then the treasurer of the municipality must, within 30 days after receipt, transmit
1.20 the fire state aid to the treasurer of the ~~duly incorporated firefighters' relief association if~~
1.21 ~~there is one organized and the association has filed a financial report with the municipality~~
1.22 ~~pursuant to section 424A.014, subdivision 1 or 2, whichever applies.~~ relief association. If
1.23 clauses (1) and (2) are satisfied and there is an aid allocation agreement under section

2.1 477B.042 in effect, then fire state aid must be transmitted as described in that section. If
 2.2 the relief association has not filed a financial report with the municipality, then, regardless
 2.3 of whether an aid allocation agreement is in effect, the treasurer of the municipality must
 2.4 delay transmission of the fire state aid to the relief association until the complete financial
 2.5 report is filed.

2.6 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal
 2.7 treasury if (1) the municipality or independent nonprofit firefighting corporation is not
 2.8 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no
 2.9 relief association organized, (3) the association has dissolved, or (4) the association has
 2.10 been removed as trustees of state aid. The money may be disbursed from the municipal
 2.11 treasury only for the purposes and in the manner set forth in section 424A.08 or for the
 2.12 payment of the employer contribution requirement with respect to firefighters covered by
 2.13 the public employees police and fire retirement plan under section 353.65, subdivision 3.

2.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2021 and thereafter.

2.15 Sec. 2. **[477B.042] ALLOCATION OF FIRE STATE AID FOR RELIEF**
 2.16 **ASSOCIATIONS.**

2.17 Subdivision 1. **Applicability.** (a) This section applies to fire state aid payable each year
 2.18 under section 477B.04, subdivision 3, paragraph (b), if, during the prior year, the municipality
 2.19 or independent nonprofit firefighting corporation:

2.20 (1) employs one or more volunteer firefighters covered by the relief association affiliated
 2.21 with the municipality or independent nonprofit firefighting corporation under chapter 424A;
 2.22 and

2.23 (2) contributes on behalf of one or more firefighters to the public employees police and
 2.24 fire retirement plan under chapter 353.

2.25 (b) This section does not apply to police and firefighter supplemental state aid under
 2.26 section 423A.022.

2.27 Subd. 2. **Allocation of fire state aid.** (a) The municipality or independent nonprofit
 2.28 firefighting corporation and the affiliated relief association may agree to allocate fire state
 2.29 aid between the relief association and the public employees police and fire retirement plan
 2.30 by entering into an aid allocation agreement described in subdivision 3.

2.31 (b) If an aid allocation agreement has been filed with the state auditor and is in effect,
 2.32 then within 30 days of receipt of the fire state aid the treasurer of the municipality must
 2.33 transmit to the relief association the amount of the fire state aid as determined in the aid

3.1 allocation agreement. If a municipality receives fire state aid on behalf of an independent
3.2 nonprofit firefighting corporation, the municipality must also transmit any remaining fire
3.3 state aid to the independent nonprofit firefighting corporation.

3.4 (c) The fire state aid allocated to the municipality or independent nonprofit firefighting
3.5 corporation may only be disbursed for the payment of employer contributions for firefighters
3.6 covered by the public employees police and fire retirement plan or for contributions to the
3.7 relief association and must be disbursed within 18 months of receipt by the municipality or
3.8 independent nonprofit firefighting corporation.

3.9 Subd. 3. **Aid allocation agreement.** (a) An aid allocation agreement is a written
3.10 agreement that meets the following requirements:

3.11 (1) the agreement specifies:

3.12 (i) the percentage of the fire state aid, a dollar amount, or a formula for determining the
3.13 amount of fire state aid that will be transmitted to the relief association annually; and

3.14 (ii) the period of time covered by the agreement and the date on which the agreement
3.15 expires; and

3.16 (2) the agreement has been signed by:

3.17 (i) an individual authorized to sign on behalf of the municipality or independent nonprofit
3.18 firefighting corporation; and

3.19 (ii) the president of the relief association or its representative duly appointed for the
3.20 purposes of this section.

3.21 (b) An aid allocation agreement is not effective unless filed with the state auditor under
3.22 subdivision 5.

3.23 Subd. 4. **Modifying or terminating the aid allocation agreement.** (a) The parties to
3.24 the agreement may modify or terminate the aid allocation agreement, provided that the
3.25 modification or termination is in writing and signed by the parties.

3.26 (b) If the amount of fire state aid paid to a municipality or independent nonprofit
3.27 firefighting corporation by the commissioner changes by an amount greater than 50 percent
3.28 of the prior year's amount, then the aid allocation agreement may be terminated by either
3.29 party to the agreement by providing written notice of termination to the other party.

3.30 (c) Unless the aid allocation agreement provides otherwise, termination is effective for
3.31 the fire state aids payable in the calendar year after notice of termination has been given.

4.1 Subd. 5. Filing requirement and remedy. (a) By March 1 of each year in which fire
4.2 state aid is to be allocated, the municipality or independent nonprofit firefighting corporation
4.3 must file a copy of the aid allocation agreement or modified agreement with the state auditor.

4.4 (b) If an aid allocation agreement terminates by its own terms or for any other reason,
4.5 the municipality or independent nonprofit firefighting corporation must notify the Office
4.6 of the State Auditor in writing within 30 days after the termination date.

4.7 (c) If the municipality or independent nonprofit firefighting corporation fails to file by
4.8 the deadline in paragraph (a), fire state aid payments must not be allocated, but must be
4.9 transmitted to the relief association until the agreement has been filed. If the state auditor
4.10 determines that an aid allocation agreement does not meet the requirements of subdivision
4.11 3, any future fire state aid payments must be transmitted to the relief association by the
4.12 municipality until the municipality files with the state auditor an aid allocation agreement
4.13 that satisfies the requirements under subdivision 3.

4.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2021 and thereafter.