

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 5197

(SENATE AUTHORS: PAPPAS)

DATE
03/25/2024

D-PG

OFFICIAL STATUS
Introduction and first reading
Referred to State and Local Government and Veterans

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System; general state employees
1.3 retirement fund; authorizing foreign citizens employed by public employers on a
1.4 H-1B, H-1B1, or E3 visa to purchase service credit for a prior period of employment
1.5 as an excluded employee; amending Laws 2021, chapter 22, article 2, section 3,
1.6 subdivision 2, by adding a subdivision.

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

1.8 Section 1. Laws 2021, chapter 22, article 2, section 3, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 1a. **Authorization to purchase service credit.** (a) If the employer of an eligible
1.11 person notifies the eligible person that the eligible person is entitled to make the payment
1.12 of missed employee contributions described in subdivision 2, the eligible person may elect
1.13 to purchase service credit for the period of employment or any portion thereof during which
1.14 contributions were not made for or by the eligible person because the eligible person was
1.15 considered an excluded employee.

1.16 (b) If the eligible person elects to purchase service credit under paragraph (a), the eligible
1.17 person must forward the notification from the employer under paragraph (a) to the executive
1.18 director and request that the executive director determine the amount required under
1.19 subdivision 2 to pay the missed employee contributions for the period of time that the eligible
1.20 person did not make employee contributions because the eligible person was considered an
1.21 excluded employee. The executive director must respond to the eligible person's request no
1.22 later than 30 days after receiving the request.

1.23 (c) The eligible person, upon receipt of the amount calculated by the executive director
1.24 under paragraph (b), must follow the procedure under subdivision 2 if the eligible person

2.1 wishes to purchase service credit for a period of employment during which contributions
2.2 were not made for or by the eligible person.

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

2.4 Sec. 2. Laws 2021, chapter 22, article 2, section 3, subdivision 2, is amended to read:

2.5 Subd. 2. ~~Authorizing the purchase of service credit~~ Payments required. (a)

2.6 Notwithstanding any law to the contrary, the executive director must credit a person with
2.7 allowable service credit for any period of employment during which contributions were not
2.8 made for the person because the person was considered an excluded employee, if the person
2.9 is an eligible person and the executive director receives the payment described in paragraph
2.10 (b) or (c), as applicable, no later than 90 days after the date of the notification from the
2.11 eligible person's employer under subdivision 1a, paragraph (a).

2.12 (b) The eligible person or the employer, on behalf of the eligible person, may, ~~no later~~
2.13 ~~than August 31, 2021,~~ pay the ~~missed employee contributions for any period of employment~~
2.14 ~~during which contributions were not made for the person because the person was considered~~
2.15 ~~an excluded employee, by transmitting the amount of the missed employee contributions~~
2.16 ~~in a lump sum to the Minnesota State Retirement System~~ amount calculated by the executive
2.17 director under subdivision 1a, paragraph (b).

2.18 (c) In lieu of the amount under paragraph (a), the eligible person may elect to pay missed
2.19 employee contributions for less than the entire period of employment during which
2.20 contributions were not made. The period of employment elected must be consecutive payroll
2.21 periods and may be payroll periods during which the eligible person received the lowest
2.22 salary. Upon payment of the missed employee contributions for the period of employment
2.23 elected, the executive director must credit the eligible person with a proportionate amount
2.24 of allowable service credit.

2.25 (d) If the missed employee contributions are paid, the eligible person's employer must,
2.26 ~~no later than September 30, 2021,~~ 60 days after the date the missed employee contributions
2.27 are paid, pay the missed employer contributions plus interest, compounded annually, at the
2.28 applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision
2.29 2, on both the employee contributions and the employer contributions, from the end of the
2.30 year in which the contributions would have been made to the date on which the payment is
2.31 made, by transmitting the amount of the missed employer contributions plus interest in a
2.32 lump sum to the Minnesota State Retirement System. If the eligible person elects to pay
2.33 missed employee contributions for less than the entire period of employment as permitted
2.34 under paragraph (c), the employer must pay the missed employer contributions plus interest

3.1 on both the employee contributions and the employer contributions for the payroll periods
3.2 elected by the eligible person.

3.3 (e) The executive director ~~shall~~ must notify the eligible person's employer regarding the
3.4 amount required under paragraph (d) and the basis for determining the amount. If the
3.5 employer fails to make all or any portion of the payment required by paragraph (d), the
3.6 executive director shall follow the procedures in Minnesota Statutes, section 352.04,
3.7 subdivision 8, paragraph (b), to collect the unpaid amount.

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