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Elected Officials: Explore How to Use Social Media Effectively
Special Assessment Toolkit Includes Model Documents for Cities
Discuss Trends Affecting Minnesota Cities
Miss a GreenStep Cities Workshop? Recordings Available

Training, Conferences, Events
Upcoming League Events
Online Training/E-Learning
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PERA Sees Increase in Police and Fire Disability Retirements

For cities, one of the most expensive benefits related to duty disability retirements is a “continued health insurance benefit,” and the cost for it increases every year.

The Public Employees Retirement Association (PERA) has seen an increase recently in the number of police and firefighter retirees claiming to have a duty disability, says PERA Executive Director Doug Anderson.

Anderson reviewed this and other trends related to duty disability claims in the PERA-Police & Fire (P&F) Plan at the Feb. 13 meeting of the PERA Board of Trustees.

The PERA-P&F Plan is the state pension plan for full-time local police officers and firefighters hired after 1980. The plan covers more than 11,000 active public safety officers and pays benefits to 10,000 retirees and survivors.

Trends show increase in duty disability retirements

In his presentation, Anderson highlighted the following trends:

- The total number of disability retirements relative to service retirements has increased over the past five years.
- Disability retirement rates for members over age 55 have been increasing at a significant rate.
- About one out of every 10 PERA-P&F employees retiring over age 55 will do so on a disability retirement.
- Disability rates under age 50 have also been increasing but remain low. Approximately one out of every 300 members under age 50 goes on disability retirement each year.
- The annual cost to fund future disability retirement benefits is currently 3.45% of payroll (or approximately $1 out of every $6 of contribution). This is consistent with results that show nearly one out of every six retirees is on a disability retirement.

What is a duty disability retirement?

There are significant differences in benefits between regular and duty disability retirement benefits.
A duty disability, which is determined by PERA, means the employee has a “physical or psychological condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire retirement plan, and that is the direct result of an injury incurred during, or a disease arising out of, the performance of inherently dangerous duties that are specific to the positions covered by the public employees police and fire retirement plan.”

**How does a duty disability retirement differ from a regular retirement?**

The PERA-P&F duty disability designation provides benefits that are not provided to regular PERA-P&F retirements. These benefits have the potential to incent older employees to seek a duty disability determination when contemplating retirement.

For example, certain duty disability retirees may be eligible to receive up to 60% of their final average salary tax-free for a period of time. Those taking a regular retirement are taxed on payments made by PERA-P&F.

**Cities struggle with health insurance mandate**

For cities, one of the most expensive benefits related to duty disability retirements is a so-called “continued health insurance benefit.” **Minnesota Statutes, section 299A.465** (Link to: https://www.revisor.mn.gov/statutes/cite/299A.465) requires public employers to continue health insurance benefits for firefighters and peace officers injured in the line of duty and for dependents of those killed in the line of duty. This coverage lasts until age 65.

When this law was enacted in 1997, it contained a provision requiring the Department of Public Safety (DPS) to reimburse employers for the full amount of administering this benefit. By 2002, the fund created to provide this benefit became deficient.

Instead of increasing the fund, the 2003 Legislature amended the law to pro-rate reimbursements to cities based on the amount available and the number of eligible applicants. The 2003 law change triggered a significant and unanticipated cost to cities. The cost has increased every year for cities, and the funding for the account has never been increased.

In 2015, the Legislature expanded the health insurance benefit to include survivors of volunteer firefighters who die in the line of duty. This change increased the number of firefighters eligible for this benefit from 2,000 to 20,000 — without increasing funding for the reimbursement account.
In fiscal year (FY) 2019, the requests for reimbursements topped $5 million, but the state provided just $1.367 million for that purpose. Under the current law, employers are reimbursed on a pro-rated basis. The chart below shows the reimbursement amounts requested and the amounts reimbursed for FY 2010 to FY 2019. The data was provided by the DPS.

Firefighter and Peace Officer Disability Benefit Plan Reimbursements (FY 2010-2019)

<table>
<thead>
<tr>
<th>Fiscal Year Paid</th>
<th>Benefit Dates</th>
<th>Amount Requested</th>
<th>Amount Reimbursed (Appropriation)</th>
<th>Amount Not Reimbursed</th>
<th>Percent (%) Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
<td>7/1/09 - 6/30/10</td>
<td>$2,706,075.66</td>
<td>$1,367,000.00</td>
<td>$1,339,075.66</td>
<td>50.5%</td>
</tr>
<tr>
<td>FY 2011</td>
<td>7/1/10 - 6/30/11</td>
<td>$2,937,932.71</td>
<td>$1,367,000.00</td>
<td>$1,570,932.71</td>
<td>46.5%</td>
</tr>
<tr>
<td>FY 2012</td>
<td>7/1/11 - 6/30/12</td>
<td>$2,945,068.63</td>
<td>$1,367,000.00</td>
<td>$1,578,068.63</td>
<td>46.4%</td>
</tr>
<tr>
<td>FY 2013</td>
<td>7/1/12 - 6/30/13</td>
<td>$3,107,831.30</td>
<td>$1,367,000.00</td>
<td>$1,740,831.30</td>
<td>44.0%</td>
</tr>
<tr>
<td>FY 2014</td>
<td>7/1/13 - 6/30/14</td>
<td>$3,442,945.00</td>
<td>$1,367,000.00</td>
<td>$2,075,945.00</td>
<td>39.7%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>7/1/14 - 6/30/15</td>
<td>$3,616,110.33</td>
<td>$1,367,000.00</td>
<td>$2,249,110.33</td>
<td>37.8%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>7/1/15-6/30/16</td>
<td>$4,071,958.28</td>
<td>$1,367,000.00</td>
<td>$2,704,958.28</td>
<td>33.6%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>7/1/16-6/30/17</td>
<td>$4,522,978.25</td>
<td>$1,367,000.00</td>
<td>$3,155,978.25</td>
<td>30.2%</td>
</tr>
<tr>
<td>FY 2018</td>
<td>7/1/17-6/30/18</td>
<td>$5,123,572.44</td>
<td>$1,367,000.00</td>
<td>$3,756,572.44</td>
<td>26.7%</td>
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<tr>
<td>FY 2019</td>
<td>7/1/18-6/30/19</td>
<td>$5,905,487.32</td>
<td>$1,367,000.00</td>
<td>$4,538,487.32</td>
<td>23.1%</td>
</tr>
</tbody>
</table>

League legislation

A bill that would provide full reimbursement to employers for complying with the health insurance mandate was introduced in the Senate and House in 2019. Initiated by the League of Minnesota Cities, SF 825 (Link to: https://www.revisor.mn.gov/bills/bill.php?b=Senate&f=SF0825&snn=0&y=2020) (Sen. Jeff Howe (Link to: https://www.senate.mn/members/member_bio.php?member_id=1239), R-Rockville) and HF 1009 (Link to: https://www.revisor.mn.gov/bills/bill.php?f=HF1009&snn=0&b=house) (Rep. Paul Marquart (Link to: https://www.house.leg.state.mn.us/members/profile/10401), DFL-Dilworth), would require an annual general fund appropriation to fully compensate local units of government for the cost of continuing health insurance benefits for police officers and firefighters injured in the line of duty and for dependents of those killed in the line of duty.

Given the trends outlined in the PERA Board of Trustees briefing, the League will continue to raise the issue of the health insurance mandate with legislators and other stakeholders.

Read the current issue of the Cities Bulletin (Link to: http://www.lmc.org/page/1/cities-bulletin-
Although state revenue collections were down, funding for city programs — including local government aid — are not likely at risk. (Published Feb 18, 2020)

State revenue collections for January were $2.295 billion, which is $228 million (9%) lower than projected, Minnesota Management and Budget (MMB) reported on Feb. 10.

Net tax receipts from individual income taxes, corporate taxes, and the broad category of “other taxes” were all below forecasted levels. Meanwhile, net sales tax receipts were higher than forecast.

—Read MMB’s January Revenue Review memo (pdf) (Link to: https://mn.gov/mmb-stat/000/az/forecast/2020/monthly-revenue-review/january.pdf)

Although state revenue collections were down for the month of January, funding for city programs — including local government aid — are not likely at risk. The state budget includes more than $2 billion in budget reserve funds, which provides a strong cushion should revenue collections continue to underperform.

FY 2020 receipts down slightly

The weak monthly collection report follows a strong collection report for the months of November and December of 2019, where collections exceeded forecast by $155 million.

For fiscal year (FY) 2020, year-to-date receipts are now $13.212 billion, which is $76 million (0.6%) less than projected in the state budget forecast released in November.

Budget forecast: false positive?

The state’s November 2019 Budget and Economic Forecast (Link to: https://mn.gov/mmb/forecast/forecast/) projected a positive state budgetary balance of $1.33 billion for the balance of the current FY 2020-2021 biennium.

However, much of the projected balance was due to a stronger-than-projected carry-forward from the previous biennium and not an ongoing structural balance. As a result, many legislators have expressed caution about enacting additional, ongoing spending commitments.
Next budget forecast coming soon

The MMB will release the next full state budget forecast on Feb. 27. The Legislature and governor will base any adjustments to the enacted state 2020-2021 biennial budget on that budget forecast.

Read the current issue of the Cities Bulletin (Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp)

Your LMC Resource

Contact Gary Carlson
IGR Director
(651) 281-1255 or (800) 925-1122
gcarlson@lmc.org (Link to: mailto:gcarlson@lmc.org)
League Urges Cities to Pass Resolution Supporting Infrastructure Accountability

The League’s sample resolution supports legislation that would provide statutory clarity for cities and developers on the collection of infrastructure development fees for residential development.  
(Published Feb 18, 2020)

The League is urging city councils to adopt a resolution providing clarity after the Minnesota Supreme Court’s decision in Harstad v. City of Woodbury, where the court found there was no existing statutory authority to collect fees for future infrastructure improvements when approving residential development.

— View the League’s sample resolution (doc) (Link to: 
https://www.lmc.org/media/document/1/infrastructureaccountabilityresolution.docx)

The League’s sample resolution supports legislation that would authorize cities to collect infrastructure development fees to fund municipal street improvements as a necessary component of growth.

— View the Infrastructure Fee Fact Sheet (pdf) (Link to:  
https://www.lmc.org/media/document/1/infrastructurefeefactsheet.pdf)

Please act before March 13

Growing cities have tried to address infrastructure needs resulting from residential development after the Harstad decision. Unfortunately, these efforts have been met with litigation.

The Legislature needs to act. The League urges your city to pass this or a substantially similar resolution and to convey your support to your legislators.

Resolutions passed between now and the first legislative deadline — March 13 — will be particularly helpful to the League’s advocacy efforts on infrastructure accountability.

Send your resolution to state leaders and LMC

To maximize the impact of your resolution, please send copies of your adopted council resolution to:
• Gov. Tim Walz: Office of the Governor, 130 State Capitol, 75 Rev. Dr. Martin Luther King Jr. Blvd., St. Paul, MN 55155
• **Your legislators** (Link to: https://gis.leg.mn/iMaps/districts)
• Ted Bengtson: Intergovernmental Relations Administrative Coordinator, League of Minnesota Cities, 145 University Ave. W., St. Paul, MN 55103; **tbengtson@lmc.org** (Link to: mailto:tbengtson@lmc.org).

**Read the current issue of the Cities Bulletin**

(Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp)

**Your LMC Resource**

**Contact Irene Kao**
IGR Counsel
(651) 281-1260 or (800) 925-1122
**ikao@lmc.org** (Link to: mailto:ikao@lmc.org)
League’s Street Improvement District Bill to Be Heard Feb. 19

The bill would allow cities to collect fees from property owners within a district to fund municipal street improvements. (Published Feb 18, 2020)

The **House Subcommittee on Local Government** (Link to: https://www.house.leg.state.mn.us/Committees/home/91007) on Feb. 19 will consider a League-initiated bill that would give cities new authority to collect fees for street improvements.

**HF 1095** (Link to: https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF1095&ssn=0&y=2019) **(Rep. Steve Elkins)** (Link to: https://www.house.leg.state.mn.us/members/profile/15517) , DFL-Bloomington) would allow cities to create street improvement districts. Cities would have the authority to collect fees from property owners within a district to fund municipal street maintenance, construction, reconstruction, and facility upgrades. If enacted, this legislation would provide cities with an additional tool to build and maintain city streets.


**Opposition to the bill**

The bill is opposed by at least 20 groups, including the Minnesota Auto Dealers Association, the Minnesota Retailers Association, and the Minnesota Trucking Association.

The opposition claims cities do not need another tool for funding street improvements, and that city councils will find ways to abuse the new authority.

**City action needed**

City officials are encouraged to contact their legislators to express support for the bill.

—**Find your legislators** (Link to: https://www.gis.leg.mn/iMaps/districts/)

**Read the current issue of the Cities Bulletin** (Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp)
Your LMC Resource

Contact Anne Finn
Assistant IGR Director
(651) 281-1263 or (800) 925-1122
afinn@lmc.org (Link to: mailto:afinn@lmc.org)
The measure, which the League opposes, would expand the definition of legal fireworks in Minnesota to include aerial and audible devices.

(Published Feb 18, 2020)

The Senate Judiciary and Public Safety Finance and Policy Committee (Link to: https://www.senate.mn/committees/committee_bio.php?cmte_id=3099&ls=91) will hear a bill on Feb. 19 that would expand the definition of legal fireworks in Minnesota to include aerial and audible devices. The bill, SF 1621 (Link to: https://www.revisor.mn.gov/bills/bill.php?b=senate&f=SF1621&ssn=0&y=2019) authored by Sen. Jason Rarick (Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=15445) (R-Brook Park) would also dedicate the sales tax on aerial and audible fireworks as follows: 25 percent to the Volunteer Fire Assistance Grant Account; 25 percent to the Fire Safety Account; and (3) the remainder to the general fund.

League opposes the bill

The League has long opposed fireworks expansion legislation and has raised the following objections:

- The League is opposed to any expansion of the sale and use of consumer fireworks in Minnesota because the products are dangerous.
- Fireworks that would be allowed under this bill will impact neighborhoods and communities. Aerial fireworks travel away from the property of the person who lights them and onto other properties. Likewise, noise travels.
- The increased use of fireworks will create conflicts between neighbors over noise, debris, and property damage. Cities will be left trying to help people resolve these disputes and will have more difficulty if the offending fireworks are legal.

Other provisions in the bill

Other provisions in the bill include the following:

- Maintains the requirements in current law that “legal fireworks” may not be used on public property, or purchased by people younger than 18 years of age, and that people selling legal items verify the purchaser’s age by photographic identification.
- Retains the cap on the annual license fee that local units of government may charge to retail sellers of novelties and aerial and audible devices at $350.
(The maximum fee for retailers of sparkling devices is $100.) Authorizes local governments to charge a separate $100 fee for each additional retail location a licensee operates.

- Prohibits local units of government from imposing other fees on the retail or wholesale sale of novelties and aerial and audible devices.
- Preempts local regulation of sparkling devices and novelties.
- Provides that counties have the same authority as statutory cities to regulate the use of aerial and audible devices, display fireworks, sparkling devices, and novelties.

**Testifiers needed**

If you are a city official who would be willing to testify on this bill on behalf of the League, please contact Anne Finn at (651) 281-1263 or afinn@lmc.org.

**Read the current issue of the Cities Bulletin**

**Your LMC Resource**

**Contact Anne Finn**
Assistant IGR Director
(651) 281-1263 or (800) 925-1122
afinn@lmc.org
First Three City Sales Tax Requests Heard in the House

The new local option sales tax process yields a new legislative focus on the “regional significance” of proposed projects.  
(Published Feb 18, 2020)

The House Property and Local Tax Division (Link to: https://www.house.leg.state.mn.us/Committees/Home/91013) on Feb. 17 heard four local sales tax proposals to fund local capital projects in three cities and one county.

The hearing was the first legislative panel discussion under the 2019 revisions to the local option sales tax process under Minnesota Statutes, section 297A.99 (Link to: https://www.revisor.mn.gov/statutes/cite/297A.99) Those statutory changes require a city or county to adopt a local resolution and then seek special legislation before conducting a referendum to impose a local sales tax.

Proposals presented

At the hearing, the following proposals were presented:

• The City of Grand Rapids is proposing a 1% local sales tax to fund structural improvements to the IRA Civic Center.
• The City of Crosslake is proposing a 0.5% sales tax to fund wastewater and related improvements.
• The City of Oakdale would use a 0.5% sales tax to fund a public works facility and a police facility that helps serve the area.
• Carlton County is seeking a 0.5% local sales tax to fund a law enforcement center and county jail upgrades.

Committee members explored each of the projects and the regional benefits that would result to the citizens and businesses of the jurisdiction and in the surrounding areas.

Members also asked about other potential sources of funding, including local taxpayer support and state bonding support. The committee also explored multi-jurisdictional approaches to address regional needs.

All four bills were ultimately laid over for possible inclusion in a future House omnibus tax bill. The Senate had not yet scheduled any of the currently introduced bills for hearings, but the Senate Taxes Committee (Link to: https://www.senate.mn/committees/committee_bio.php?cmte_id=1019&ls=91) is expected to begin hearings in the near future.
Other cities seeking sales taxes

There were 17 other cities that met the Jan. 31 deadline to submit resolutions and supporting information for new local sales taxes. As of Feb. 17, only one additional city — Bemidji — has had a bill introduced for consideration this year.

If your city submitted a local sales tax resolution and supporting materials by Jan. 31, you should work with your local House and Senate members to have bills introduced in both the House and Senate for committee consideration. If bills are not introduced for your project, the Legislature cannot take action to authorize the city to conduct a future referendum to impose a local sales tax.

If you have questions, contact Gary Carlson, LMC, at gcarlson@lmc.org or (651) 281-1255.

Read the current issue of the Cities Bulletin

Your LMC Resource

Contact Gary Carlson
IGR Director
(651) 281-1255 or (800) 925-1122
gcarlson@lmc.org
The state auditor's report reinforces common city priorities supported by the League, such as local control and stable, predictable forms of state aid. (Published Feb 18, 2020)

The Office of the State Auditor (OSA) released “The State of Main Street” report on Feb. 12, indicating that cities, townships, and counties in Minnesota are in a position of fiscal stability, but changes to any of five key factors could upset that stability.

State Auditor Julie Blaha presented the report’s findings at a press conference, which also included local government officials to address aspects of finance and service provision.

The report reinforces common city priorities supported by the League, such as local control and stable, predictable forms of state aid.

Blaha’s office analyzed data from 1998 to 2017. Last December, the OSA held a series of listening sessions with local officials to gain insight and perspective about the report’s data. These conversations provided additional understanding and context, said Blaha.

The report identified the following themes that support stability:

- Local control can be effective in keeping local budgets stable.
- Partnerships can reduce local costs.
- Falling intergovernmental aid has shifted local costs to more regressive forms of taxation.
- Surprises have a bigger impact than the sticker price.
- Long-term planning, including consideration of emerging issues like climate change, can improve stability.

**State aid and other trends**

The report indicates that a tipping point was reached during the Great Recession, when cuts in state aid to cities and counties resulted in more rapid property tax increases as a percentage of revenue for local governments. Cuts to state aid forced larger increases in more regressive forms of taxes, including the property tax, said Blaha.

Deep cuts in local government aid (LGA) were imposed in the post-9/11 recession
and in the wake of the Great Recession, and after 18 years, LGA funding was finally restored to the actual appropriation level last seen in 2002.

Blaha also noted that the report does not fully capture the role that partnerships play in service delivery budgets among local government entities, indicating where reductions in investment are shown, some of that work has shifted to collaborative service delivery models.

**Local officials invited**

Local government officials also made comments at the press conference. Albert Lea Assistant City Manager Jerry Gabrielatos explained that the emerging issue of climate change and its impact on water infrastructure is an example of a source of financial stress that local governments are facing.

Ramsey County Board Chair Toni Carter, Dakota County Board Chair (and former Hastings City Councilmember) Mike Slavik, Stearns County Commissioner Tarryl Clark, and Stillwater Township Board Chair Sheila-Marie Untiedt also spoke.

—Read the State of Main Street report on the OSA website (Link to: https://www.auditor.state.mn.us/default.aspx?page=20200213.000)

Read the current issue of the Cities Bulletin (Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp)

**Your LMC Resource**

**Contact Gary Carlson**
IGR Director
(651) 281-1255 or (800) 925-1122
gcarlson@lmc.org
Coming Soon: New LMC Website

Soon, when you visit www.lmc.org, you will notice something different. That’s because League staff have been working on a new website — and it’ll debut by early March!

Besides having a fresh, modern look, the site will also have a new structure to make it easier for you to find the information you need.

The biggest change is that information will be organized by topic, so you can find a variety of resources, news, and events related to a specific issue all in one place. So, if you want to find information about budgeting, you’d go to our new Resources section and look under Finance.

And if you can’t find what you need, we’ve got a large “Search” button front and center on the home page, so you can easily use keywords to find what you’re looking for.

Our primary goal with this redesign is to provide a more user-friendly website, where you can easily find what you’re looking for and discover additional helpful content from the League.

We hope you like the new website experience. We’re always looking for ways to improve our service to members, so be sure to let us know what you think!

Read the current issue of the Cities Bulletin (Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp)

Your LMC Resource

Contact Laura Zenz
Digital and Publications Manager
(651) 215-4033 or (800) 925-1122
lzenz@lmc.org (Link to: mailto:lzenz@lmc.org)

LMC Public Safety Blog

(Link to: http://www.lmc.org/ads/102705)