

REPORT OF THE LEGISLATIVE COMMITTEE

The 2011 Legislature has returned to St. Paul faced with a \$5.03 billion biannual budget deficit. We on the Legislative Committee will be focused on four primary areas-legislation introduced, activity of the Legislative Commission on Pensions and Retirement (LPCR), the lawsuit challenging last year's pension reform legislation and the joint study of the Executive Directors of MSRS, PERA and TRA which..."shall conduct a study of defined benefit, defined contribution, and other alternative retirement plans for Minnesota public employees.

LEGISLATION. Legislation affecting MRSEA members has been introduced in these areas-health care, pensions, and taxation of retirement benefits. Health care would be impacted by bills which would limit public employer contributions for current employees and prohibit employer contributions for health care costs for retired employees (HF871) and affect local government's health care options (HF768) and (HF834). The subject of public employee pensions has received proposals which appear to bar public employers and public employees from contributing to a defined benefit pension plan after June 30, 2011, (HF542) and (HF594). A number of bills have been introduced increasing the amount public employees would contribute toward MSRS, PERA, or TRA. (See article in Star Tribune dated March 15, 2011 for a discussion of the legislation). And, finally (HF410) would phase in, over 10 years, an exemption of social security benefits from the Minnesota state income tax. This would start with a 10% over 10 years. Minnesota is one of 7 states in the Union which taxes social security benefits.

LPCR. The Commission has received the names of the Senate members appointed to the Commission, as of this newsletter print, the House has not appointed its members.

LAWSUIT. The lawsuit involving the 2010 modifications to MSRS, PERA, and TRA retirement plans will go to trial March, 22, 2011 in Ramsey County.

JOINT STUDY

The Executive Director of MSRS, Dave Bergstrom, gave a presentation to the MRSEA Board of Directors on January 11, 2011, regarding the activities of the Joint Study Participants. Please see the MRSEA website (www.mrsea.org) for viewable version of the presentation. A draft report from the Study Group is expected by early April for comments.

We appreciate your support with these efforts and ask that you keep us informed of the legislation state or federal, that has an impact on retired employees.

MRSEA , Legislative Chair-Peter Obermeyer