

House Research Act Summary

CHAPTER: 169

SESSION: 2005 Regular Session

TOPIC: Compensation limits for local governments increased

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Overview

This act increases the compensation limits for employees of political subdivisions from 95 percent of the governor's salary to 110 percent, effective August 1, 2005. It also provides for annual adjustments to the limit based on the Consumer Price Index. Since 1998, the governor's salary has been \$120,303. 95 percent is \$114,288 and 110 percent is \$132,333.

Background: The compensation limit applies to employees of statutory and home rule charter cities, counties, towns, metropolitan and regional agencies, and other political subdivisions. It does not apply to school districts, medical doctors and doctors of osteopathy.

The statutory limit compares the *compensation* of political subdivision employees to the *salary* of the governor. For political subdivision employees, compensation includes certain benefits as well as salary. It includes all deferred compensation, and direct and indirect items of compensation that are not specifically excluded by the statute (e.g., cash allowance for personal use of a car is included).

“Compensation” does not include benefits that are provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave, health and dental insurance, disability insurance, term life insurance, and pension benefits; dues paid to civic, professional, educational, or governmental organizations; or reimbursement for actual expenses that are directly related to the job.

- 1** **Political subdivision compensation limit.** (a) Increases the maximum compensation a political subdivision may provide an employee from an amount not more than 95 percent of the governor's salary to not more than 110 percent of the governor's salary.

 (b) Provides for annual adjustments to the limit, beginning in 2006, using the Consumer Price Index.

 (e) Provides for annual adjustments to compensation authorized to exceed the maximum 110 percent, using the Consumer Price Index, beginning in August 2005.
- 2** **Repealer.** Repeals the cap on compensation for calculation of pension benefits.

Effective August 1, 2005