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## DIGEST

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HB 771 Engrossed

2018 Regular Session

Bacala

**Abstract:** Changes the method used to determine whether employers participating in the Municipal Police Employees' Retirement System (the system) who reduce the number of participating employees are required to pay the unfunded accrued liability (UAL) attributable to those employees, and increases the amortization period for such payments.

Present law provides that a participating employer in the system that dissolves its police department shall pay the portion of the system's UAL attributable to that employer existing on the June 30 prior to the dissolution, with interest. Proposed law requires that the employer's UAL portion be calculated using the allocation percentage included in the prior fiscal year's employer pension report produced according to requirements established by the Governmental Accounting Standards Board.

Present law provides that if a participating employer does not dissolve its police department, but salaries upon which contributions are made by the employer are less than 70% of salaries from the prior fiscal year, the employer shall pay the portion of the UAL attributable to that employer equal to the percentage decrease of salaries, with interest. Proposed law changes the qualification for payment of UAL from a 30% or greater decrease in salaries to a 30% or greater decrease in active members and DROP participants, with at least a reduction of two participating employees, or a decrease to zero participating employees. Further requires payment of UAL if the number of participating employees decreases by 50.

Present law provides that the employer shall choose to make payments either as a lump sum or equal monthly payments amortized over 10 years. Proposed law provides that payments shall instead be amortized over 15 years in equal payments and shall be payable beginning July 1 of the fiscal year following the withdrawal.

Proposed law provides that if the number of participating employees of an employer whose department was partially dissolved returns to or exceeds the number of participating employees prior to the partial dissolution, payments shall cease on the July 1 following the increase. Any payments made will be credited as an offset of any amounts due for any subsequent withdrawal that occurs within 15 years of such payment.

Proposed law prohibits the board from collecting any payments as a result of a partial dissolution that occurred prior to July 1, 2018.

Effective July 1, 2018.

(Amends R.S. 11:2225.4)