

ACT No. 586

2018 Regular Session

HOUSE BILL NO. 771

BY REPRESENTATIVE BACALA

1 AN ACT

2 To amend and reenact R.S. 11:2225.4, relative to the payment of unfunded accrued liability
3 by participating employers in the Municipal Police Employees' Retirement System;
4 to provide for payment of unfunded accrued liability upon dissolution of a
5 department or the reduction of the number of participating employees; to provide for
6 the reinstatement of the number of participating employees; to provide for the
7 amortization of payments; to provide for the collection of payments due; to provide
8 definitions; and to provide for related matters.

9 Notice of intention to introduce this Act has been published
10 as provided by Article X, Section 29(C) of the Constitution
11 of Louisiana.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 11:2225.4 is hereby amended and reenacted to read as follows:

14 §2225.4. Unfunded accrued liability; payment by employer

15 A.(1) If any employer participating in the system fully dissolves its police
16 department and contracts for police services with another entity, the employer shall
17 remit to the system, ~~as further provided in this Subsection,~~ beginning the July first
18 immediately following the date of dissolution, that portion of the unfunded accrued
19 liability existing on the June thirtieth immediately prior to the date of dissolution of
20 the police department, attributable to such employer and calculated using the
21 allocation percentage included in the prior fiscal year's employer pension report
22 produced according to requirements established by the Governmental Accounting

1 Standards Board. The amount due pursuant to the provisions of this Paragraph shall
2 include interest at the system's valuation interest rate.

3 (2)(a) If a participating employer ~~does not dissolve its police department~~
4 partially dissolves its police department, ~~but the salaries upon which contributions~~
5 ~~are made by an employer to the system for a fiscal year are less than seventy percent~~
6 ~~of the salaries upon which contributions were made to the system for the employer's~~
7 ~~immediately prior fiscal year then the employer shall be deemed to have partially~~
8 ~~dissolved its police department and shall be liable for a pro rata portion of the~~
9 ~~system's unfunded accrued liability. The portion shall be calculated by applying the~~
10 ~~percentage decrease in the employer's fiscal year over fiscal year salaries upon which~~
11 ~~contributions are made~~ salaries paid to participating employees by the employer on
12 June thirtieth and salaries paid to participating employees by the employer as of June
13 thirtieth of the prior year to the total payment that would have been required pursuant
14 to the provisions of Paragraph (1) of this Subsection if the employer had fully
15 dissolved its police department. Payments required pursuant to the provisions of this
16 Paragraph shall include interest at the system's valuation interest rate.

17 (b) A participating employer shall be deemed to have partially dissolved its
18 police department if either of the following occurs:

19 (i) The number of participating employees of the employer as of June
20 thirtieth is less than seventy percent of the number of participating employees of the
21 employer as of June thirtieth of the prior year and either the number of participating
22 employees decreases by at least two or the number of participating employees is
23 zero.

24 (ii) The number of participating employees of the employer as of June
25 thirtieth is at least fifty fewer than the number of participating employees of the
26 employer as of June thirtieth of the prior year.

27 B.(1) Any amount due pursuant to Subsection A of this Section shall be
28 determined by the actuary employed by the system and shall be ~~paid either in a lump~~
29 ~~sum or~~ amortized over ten fifteen years in equal ~~monthly~~ payments with interest at
30 the system's valuation interest rate. Payments shall be payable beginning July first

1 of the fiscal year following the withdrawal and in the same manner as regular payroll
 2 payments to the system; ~~at the option of the employer.~~

3 (2) If the number of participating employees of an employer subject to
 4 Paragraph (A)(2) of this Section returns to at least the number of participating
 5 employees as of the June thirtieth immediately preceding the withdrawal, the
 6 payments required by this Section shall cease on the July first following the increase
 7 in participating employees and no further payments shall be due with respect to the
 8 withdrawal. Any payments made pursuant to this Section will be credited as an
 9 offset of any amounts due by the employer attributable to any subsequent withdrawal
 10 that occurs within fifteen years of the payments.

11 C.(1) If an employer fails to make a payment timely, the amount due shall
 12 be collected in any of the following manners:

13 ~~(1)~~(a) By action in a court of competent jurisdiction against the delinquent
 14 employer. The amount due shall include interest calculated at the system's actuarial
 15 valuation rate, compounded annually.

16 ~~(2)~~(b) The board may certify to the state treasurer all amounts attributable
 17 to the delinquent employer. In support of such certification, the board shall submit
 18 to the treasurer a resolution certifying the name of the delinquent employer, its
 19 failure to pay, and the amount owed and shall name a designee or designees to act
 20 on the board's behalf. Upon receipt of such certification, the treasurer shall deduct
 21 from monies payable to the certified delinquent party the certified amount due and
 22 shall remit such deducted amounts directly to the Municipal Police Employees'
 23 Retirement System.

24 (2) Notwithstanding any other provision of law to the contrary, the board of
 25 trustees shall not collect any payments due from an employer for any partial
 26 dissolution that occurred prior to July 1, 2018.

27 D. For the purposes of this Section, the term "~~employer~~" ~~shall have the same~~
 28 ~~meaning as provided in R.S. 11:2213 and shall include any municipality that~~
 29 ~~terminates participation in the system by dissolving its police department pursuant~~
 30 ~~to Subsection A of this Section.~~ following terms shall have the following meanings:

1 (1) "Participating employee" shall mean an active member or participant in
2 the Deferred Retirement Option Plan.

3 (2) "Withdrawal" shall mean the dissolution or partial dissolution of a police
4 department as described in Subsection A of this Section.

5 Section 2. This Act shall become effective on July 1, 2018; if vetoed by the governor
6 and subsequently approved by the legislature, this Act shall become effective on July 1,
7 2018, or on the day following such approval by the legislature, whichever is later.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____