

CONFERENCE COMMITTEE REPORT
House Bill No. 1278 By Representative Pearson

June 2, 2014

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 1278 by Representative Pearson, recommend the following concerning the Reengrossed bill:

1. That the set of Senate Floor Amendments proposed by Senator Guillory and adopted by the Senate on May 27, 2014, be adopted.
2. That the Senate Floor Amendment proposed by the Legislative Bureau and adopted by the Senate on May 21, 2014, be adopted.
3. That the following amendments to the reengrossed bill be adopted:

AMENDMENT NO. 1

On page 2, delete lines 11 through 20 in their entirety and insert in lieu thereof:

"Section 1. R.S. 11:612(introductory paragraph), 613(A), 615(B), 3682(16) and 3683(1) are hereby amended and reenacted and R.S. 11:612(2.1) is hereby enacted to read as follows:

§612. Application; definitions

Terms not specifically defined in this Section but defined in R.S. 11:403 shall have the meanings provided in R.S. 11:403 unless a different meaning is clearly required by the context. For purposes of this Subpart:

* * *

(2.1) In addition to the definition provided in Paragraph (2) of this Section, the term "member" shall include any commissioned employee of the Harbor Police Department of the Port of New Orleans first hired on or after July 1, 2014.

* * *

§613. Eligibility for plan membership

A. Each person who becomes an employee in state service in one of the positions defined in R.S. 11:612(2) or (2.1) shall become a member of the Hazardous Duty Services Plan of the system as a condition of employment.

* * *

§615. Retirement benefit calculation

* * *

B. If the member's last ten years of creditable service were not accrued exclusively in one of the hazardous duty positions defined in R.S. 11:612(2) or (2.1), he shall receive a retirement benefit equal to two and one-half percent of his average compensation for the actual number of years of creditable service earned in a hazardous duty position.

* * *

§3682. Definitions

The following words and phrases, as used in this Subpart, unless expressly indicated to the contrary or unless a different meaning is plainly required by context, shall have the following meanings:

* * *

(16) "Employee" means any commissioned member or employee of the Harbor Police Department of the Port of New Orleans prior to July 1, 2004, or any

commissioned member of the Harbor Police Department of the Port of New Orleans on or after July 1, 2004 and hired on or before June 30, 2014.

* * *

§3683. Membership

The membership of the retirement system shall be composed as follows:

(1) All persons who shall become employees as defined in R.S. 11:3682(16) after August 1, 1971, and on or before June 30, 2014, except those specifically excluded under Paragraph (3) of this Section, shall become members as a condition of their employment, provided they are under fifty years of age at the date of employment.

* * *

Section 2. R.S. 11:102(C)(1)(l) and (4)(b), the heading of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11 of the Louisiana Revised Statutes of 1950, 3681, 3682(1), (2), (4)(a), (7), (18) through (20), and (26), 3683(introductory paragraph) and (3)(b), 3684(A), (D), and (F), 3685(A)(1)(a) and (2)(introductory paragraph) and (d),(B)(1), (3) through (6), and (8), (C)(1), (2), and (13), and (E), 3685.2(B)(introductory paragraph), (6) and (7), 3686(B)(1), (D)(3), and (E), 3688(D), 3688.1, 3690(A) and (B), 3690.2, 3692(A), and 3695(C)(introductory paragraph) are hereby amended and reenacted and R.S. 11:102(C)(1)(m), 416(A)(3)(d), 620.1, Subpart E of Part VII of Chapter 1 of Subtitle II of Title 11 of the Louisiana Revised Statutes of 1950, comprised of R.S. 11:631, and 3682(20.1) are hereby enacted to read as follows:"

AMENDMENT NO. 2

On page 4, delete lines 12 through 29 in their entirety and one page 5, delete lines 1 through 4 in their entirety

AMENDMENT NO. 3

On page 8, delete lines 10 through 14 in their entirety

AMENDMENT NO. 4

On page 9, delete lines 3 through 7 in their entirety

AMENDMENT NO. 5

On page 21, at the beginning of line 25, change "Section 2." to "Section 3."

AMENDMENT NO. 6

On page 21, at the beginning of line 28, change "Section 3." to "Section 4."

AMENDMENT NO. 7

On page 22, at the beginning of line 28, change "Section 4." to "Section 5."

AMENDMENT NO. 8

Delete page 23 in its entirety and insert in lieu thereof:

"Section 6.(A) The provisions of this Section and Sections 1, 4, and 5 of this Act shall become effective on June 30, 2014.

(B) The provisions of Sections 2 and 3 of this Act shall become effective July 1, 2015, only if the Public Retirement Systems' Actuarial Committee approves the terms of the cooperative endeavor agreement provided for in Section 4 of this Act on or before December 31, 2014."

Respectfully submitted,

Representative J. Kevin Pearson

Senator Elbert Guillory

Representative Gregory Miller

Senator Barrow Peacock

Representative Barry Ivey

Senator Patrick Page Cortez

 DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 1278 by Representative Pearson

Keyword and oneliner of the instrument as it left the House

RETIREMENT/STATE EMPS: Provides for enrollment of new hires of the Harbor Police Department of the Port of New Orleans in the Hazardous Duty Services Plan in the La. State Employees' Retirement System effective July 1, 2014, and for merger of the existing Harbor Police Retirement System into the La. State Employees' Retirement System effective July 1, 2015

Report adopts Senate amendments to:

1. Relative to a proposed law prohibition on the suspension or reduction in benefits paid to certain retirees of the Harbor Police Retirement System who are re-employed in a position covered by LASERS, adds "increase" as a prohibited change in the benefits of such persons and adds that the prohibition on all such benefit changes applies only until termination of re-employment.
2. Makes technical corrections.

Report amends the bill to:

1. Provide for the enrollment of new hires of the Harbor Police Department in the LASERS Hazardous Duty Services Plan effective July 1, 2014.

Digest of the bill as proposed by the Conference Committee

NEW EMPLOYEES OF THE HARBOR POLICE DEPARTMENT OF THE PORT OF NEW ORLEANS

Present law establishes the Hazardous Duty Services Plan in LASERS. Such members receive a 3.33% accrual rate, have an employee contribution rate of 9.5%, and have the following retirement eligibilities:

- (1) Twenty-five years or more of service, at any age.
- (2) Twelve years or more of service, at age fifty-five or thereafter.
- (3) Twenty years of service credit at any age, actuarially reduced from age 55.

Proposed law retains present law.

Present law provides that any commissioned member of the Harbor Police Department of the Port of New Orleans on or after July 1, 2004, shall be a member of HBPOL. Proposed law retains present law for all commissioned members hired on or before June 30, 2014.

Proposed law places any commissioned employee of the Harbor Police Department of the Port of New Orleans first hired on or after July 1, 2014, in the Hazardous Duty Services Plan in LASERS.

MEMBERS OF THE HARBOR POLICE RETIREMENT SYSTEM AS OF
JUNE 30, 2014

Present law establishes HBPOL as a local retirement system to provide for the retirement of commissioned members and employees of the Harbor Police Department of the Port of New Orleans prior to July 1, 2004, and for the retirement of commissioned members of the police department after July 1, 2004. Proposed law abolishes HBPOL as an independent retirement system and recreates it as a plan (hereafter referred to as the "HBPOL Plan") within LASERS.

Present law provides for the administration of the HBPOL by a board of trustees comprised of active, retired, and ex officio members. Proposed law repeals the HBPOL board of trustees upon the effective date of the merger of the systems. Further provides that the HBPOL Plan shall be administered by the LASERS board.

Present law authorizes the board of HBPOL to provide cost-of-living adjustments (COLAs) to retirees whenever the system experiences excess returns above what is actuarially required. Proposed law provides that future COLAs for HBPOL retirees and HBPOL Plan retirees shall be calculated and granted in the same manner as COLAs for LASERS retirees and beneficiaries.

Proposed law authorizes active members of the HBPOL Plan to transfer service credit to the Hazardous Duty Services Plan of LASERS. Requires the member to pay any actuarial cost, calculated in accordance with present law, for such service transfers.

Present law for HBPOL provides for payment benefits to surviving spouses and children of members. Proposed law for the HBPOL Plan changes the categories of people who may receive such benefits. Proposed law provides that a surviving totally physically or mentally disabled child, regardless of age, who is dependent on a legal guardian for subsistence is entitled to receive benefits. Requires the legal guardian to notify the board if the child becomes independent or if there are any changes in the assistance being received from other state agencies. Further requires the legal guardian to provide proof of the child's physical or mental disability. Authorizes the board to require a certified statement of the child's eligibility for the survivor benefit at the end of each calendar year.

EMPLOYER CONTRIBUTION RATES

Present law provides that employer contribution rates for HBPOL are capped at 20% of the earned compensation of the members in any one year. Provides that no further sums must be transferred to the retirement system in the event the payment from the employer is not sufficient to provide the retirement allowances and other benefits payable from the fund. Proposed law repeals present law. Requires employer contribution rates after the merger of the systems to be calculated in accordance with present law governing LASERS.

Present law, relative to LASERS employer contribution rates, provides for particularized contribution rates for plans within LASERS, such as the Hazardous Duty Services Plan. Proposed law provides for particularized contribution rates for the HBPOL Plan.

Present law for LASERS provides that part of the employer contribution rate is an amount to cover "shared" unfunded liabilities of the system. Such "shared" liability is comprised of two elements: (1) the unfunded liabilities of the system existing as of June 30, 2010, and (2) the unfunded liabilities system accrued after June 30, 2010, that are independent of the existence of the plans within LASERS (for example, losses incurred if the system does not achieve its actuarial assumed rate of return).

Proposed law provides that the HBPOL Plan contribution rate shall not include any shared UAL incurred on or before July 1, 2015 until the earlier of:

- (1) July 1, 2022.
- (2) The date all sums owed to LASERS by the Port of New Orleans pursuant to the terms and conditions of the cooperative endeavor agreement provided for in proposed law are paid in full.

ASSETS OF THE SYSTEM

Present law provides for the merger of HBPOL assets into the LASERS trust. Requires such funds to be managed in accordance with LASERS law.

COOPERATIVE ENDEAVOR AGREEMENT

Proposed law authorizes the boards of trustees of LASERS, HBPOL, and the board of commissioners of the Port of New Orleans to enter into a cooperative endeavor agreement for HBPOL to merge into LASERS. Provides requirements relative to the rights of HBPOL members and the liabilities of the system that shall be contained in such cooperative endeavor agreement. Requires submission of the cooperative endeavor agreement to the Public Retirement Systems' Actuarial Committee by Oct. 1, 2014.

Provisions relating to the merger of HBPOL into LASERS become effective July 1, 2015, only if the Public Retirement Systems' Actuarial Committee approves the terms of the cooperative endeavor agreement authorized pursuant to proposed law prior to December 31, 2014.

All other provisions, including enrollment of new hires in the Hazardous Duty Plan of LASERS, become effective June 30, 2014.

(Amends R.S. 11:102(C)(1)(l) and (4)(b), 612(intro. para.), 613(A), 615(B), the heading of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11 of the La. Revised Statutes of 1950, 3681, 3682(1), (2), (4)(a), (7), (16), (18)-(20), and (26), 3683(intro. para.), (1), and (3)(b), 3684(A), (D), and (F), 3685(A)(1)(a) and (2)(intro. para.) and (d), (B)(1), (3)-(6), and (8), (C)(1), (2), and (13), and (E), 3685.2(B)(intro. para.), (6), and (7), 3686(B)(1), (D)(3), and (E), 3688(D), 3688.1, 3690(A) and (B), 3690.2, 3692(A), and 3695(C)(intro. para.); Adds R.S. 11:102(C)(1)(m), 416(A)(3)(d), 612(2.1), 620.1, 631, and 3682(20.1); Repeals R.S. 11:3682(29), 3685(D), 3688(A)-(C) and (E), 3689(B)-(E), 3690(C) and (D), 3690.1, 3691, 3693, and 3698)