

2023 Regular Session

HOUSE BILL NO. 34

BY REPRESENTATIVES BACALA, ADAMS, JEFFERSON, KNOX, AND LAFLEUR

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/MUNICIPAL POL: Provides relative to the funding deposit account for Municipal Police Employees' Retirement System and authorizes the board of trustees of the system to modify employer contributions

1 AN ACT

2 To enact R.S. 11:2225.5 and to repeal R.S. 11:107.2, 243(A)(8), 246(A)(8), and 2225(A)(7),  
3 relative to the Municipal Police Employees' Retirement System; to establish a  
4 funding deposit account; to provide for source of funding therefor; to authorize the  
5 board of trustees to adjust employer contribution rates; to provide for additional  
6 payments to retirees, survivors, and beneficiaries; to provide for funding of,  
7 eligibility for, and payment of the additional payments; to provide for payment of  
8 system liabilities; to provide for an effective date; 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. 11:2225.5 is hereby enacted to read as follows:

14 §2225.5. Funding deposit account

15 A.(1) There is hereby established a funding deposit account, hereafter in this  
16 Section referred to as the "account". The account shall be credited and charged  
17 solely as provided in this Section.

18 (2) The balance in the account shall be set equal to zero as of July 1, 2023.

1           (3) The funds in the account shall earn interest annually at the board  
2           approved valuation interest rate, and the interest shall be credited to the account once  
3           a year.

4           B.(1) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years  
5           beginning on or after July 1, 2023, the board of trustees may require a net direct  
6           contribution rate of up to the following applicable limit:

7           (a)(i) For a year in which the employer contribution rate determined under  
8           R.S. 11:103 is equal to or greater than the rate determined under R.S. 11:103 for the  
9           previous year, the rate determined under R.S. 11:103 plus eighty-five hundredths of  
10           one percentage point.

11           (ii) For a year in which the employer contribution rate determined under R.S.  
12           11:103 is lower than the rate determined under R.S. 11:103 for the previous year, the  
13           rate determined under R.S. 11:103 plus eighty-five hundredths of one percentage  
14           point plus one-half of the difference between the rates determined for the two years.

15           (b) Notwithstanding Subparagraph (a) of this Paragraph, for the 2023-2024  
16           Fiscal Year:

17           (i) If the employer contribution rate determined under R.S. 11:103 is equal  
18           to or greater than the rate under R.S. 11:103 for the previous year, the rate  
19           determined under R.S. 11:103 plus forty-two and one-half hundredths of one  
20           percentage point.

21           (ii) If the employer contribution rate determined under R.S. 11:103 is lower  
22           than the rate determined under R.S. 11:103 for the previous year, the rate determined  
23           under R.S. 11:103 plus forty-two and one-half hundredths of one percentage point  
24           plus one-half of the difference between the rates determined for the two years.

25           (2) For any fiscal year in which the board of trustees sets the direct employer  
26           contribution rate higher than the rate determined under R.S. 11:103, excess  
27           contributions resulting from the higher rate shall be used as provided in Paragraph  
28           (C)(1) of this Section or transferred to the account as provided in Paragraph (C)(2)  
29           of this Section.

1           C.(1) Except as provided in Paragraph (2) of this Subsection, any excess  
2           contributions resulting from the board's exercise of its authority pursuant to  
3           Paragraph (B)(1) of this Section shall be applied, until exhausted, exclusively to  
4           reduce the outstanding balance of the oldest positive amortization base; however, the  
5           future payments for such amortization base shall continue to be made according to  
6           the original amortization schedule established in compliance with the requirements  
7           of Article X, Section 29(E)(3) of the Constitution of Louisiana and R.S. 11:103 until  
8           the outstanding balance is fully liquidated.

9           (2) The board of trustees may dedicate a specific amount of excess  
10          contributions, up to the amount generated by setting the rate equal to eighty-five  
11          hundredths of one percentage point more than the rate determined under R.S. 11:103,  
12          to be used solely to pay additional benefits to retirees, survivors, and beneficiaries.  
13          The dedicated amount of funds shall be credited to the account.

14          D. Beginning with the June 30, 2024, valuation, the board of trustees may,  
15          in any fiscal year, direct that the account be charged to provide additional benefits  
16          to retirees, survivors, and beneficiaries as provided in Subsection F of this Section.

17          E. The monies in the account shall not be considered system assets for  
18          purposes of calculating employer contributions.

19          F.(1) Funding for additional benefits for retirees, survivors, and beneficiaries  
20          shall be provided only from the funding deposit account and only when sufficient  
21          funds are available as determined by the actuary. The additional benefits shall be  
22          payable only as determined by the board of trustees, and the board shall determine  
23          the following:

24                 (a) Whether the additional benefit will be a nonrecurring lump-sum payment  
25                 or a permanent benefit increase. Any additional benefit paid under the provisions of  
26                 this Subsection shall be in the form of a nonrecurring lump sum no more frequently  
27                 than once in a three-year period.

28                 (b) Whether the additional benefit will be calculated based upon the original  
29                 or current benefit.

1           (c) Whether a minimum age will be required to receive an additional benefit.

2           (d) Whether a minimum period since benefit commencement longer than the  
3           period required in Subparagraph (2)(b) of this Subsection will be required to receive  
4           an additional benefit.

5           (2)(a) The amount of any permanent benefit increase shall not exceed three  
6           percent of the benefit to be used in the calculation in accordance with Subparagraph  
7           (1)(b) of this Subsection.

8           (b) No additional benefit shall be payable until at least one year has elapsed  
9           since benefit commencement.

10           (3) Approval of additional benefits for retirees, survivors, and beneficiaries  
11           as provided in this Subsection shall be made by formal action of the board of trustees  
12           and shall be considered amendments to the plan provisions of the retirement system.

13           Section 2. R.S. 11:107.2, 243(A)(8), 246(A)(8), and 2225(A)(7) are hereby repealed  
14 in their entirety.

15           Section 3. In incorporating the statutory provisions of this Act into the Louisiana  
16 Revised Statutes of 1950, the Louisiana State Law Institute:

17           (1) Shall not renumber the Section enacted by this Act but shall instead  
18 replace R.S. 11:2225.5 as enacted by Act No. 360 of the 2022 Regular Session of the  
19 Legislature with the same Section as enacted by this Act.

20           (2) Shall include citations of this Act in all notes regarding the repeal of all  
21 statutory provisions repealed in this Act.

22           Section 4. This Act shall become effective on July 1, 2023; if vetoed by the governor  
23 and subsequently approved by the legislature, this Act shall become effective on July 1,  
24 2023, or on the day following such approval by the legislature, whichever is later.

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**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)]

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HB 34 Engrossed

2023 Regular Session

Bacala

**Abstract:** Establishes a funding deposit account for the Municipal Police Employees' Retirement System (MPERS) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries.

Proposed law establishes a funding deposit account for MPERS.

Proposed law authorizes the board of trustees to require an employer contribution rate up to the following limits:

- (1) When the contribution rate is equal or greater than the previous year's rate, the board can set the rate at the otherwise required rate plus .85%.
- (2) When the contribution rate is lower than the previous year's rate, the board can set the rate at the otherwise required rate plus .85% plus half the difference between the rates for the two years.

Proposed law authorizes, in FY 23-24, the board of trustees to require an employer contribution rate up to the following limits rather than the limits above:

- (1) When the contribution rate is equal or greater than the previous year's rate, the board can set the rate at the otherwise required rate plus .425%.
- (2) When the contribution rate is lower than the previous year's rate, the board can set the rate at the otherwise required rate plus .425% plus half the difference between the rates for the two years.

Proposed law required that excess contribution be applied to reduce the outstanding balance of the oldest amortization base or to additional benefits for retirees, survivors, and beneficiaries.

Proposed law authorizes the board to dedicate a specific amount of the excess contributions, .85% greater than the contribution rate, to fund additional benefits.

Proposed law provides that a additional benefits shall be paid only with funds from the funding deposit account and only when funds are sufficient.

Proposed law provides that the board of trustees shall determine the following when granting additional benefits:

- (1) Whether the benefits are permanent or nonrecurring. Provides that a nonrecurring lump-sum payment may be paid from the funding deposit account only once in any three-year period.
- (2) Whether the benefits are based on the retiree or survivor's current or original benefit.
- (3) Whether a minimum age is required.
- (4) Whether a retiree or survivor is required to meet a minimum period since benefit commencement.

Proposed law provides that permanent benefits increases may not exceed 3% of benefit, and additional benefits are not payable until one year after benefit commencement.

Proposed law requires that an adjustment to benefits be made by formal action by the board of trustees.

Effective July 1, 2023.

(Adds R.S. 11:2225.5; Repeals R.S. 11:107.2, 243(A)(8), 246(A)(8), and 2225(A)(7))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Limit the authorized contribution rate increase in the first year.