

2023 Regular Session

HOUSE BILL NO. 34

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

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.

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

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

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

8 (ii) For a year in which the employer contribution rate determined under R.S.
 9 11:103 is lower than the rate determined under R.S. 11:103 for the previous year, the
 10 rate determined under R.S. 11:103 plus eighty-five hundredths of one percentage
 11 point plus one-half of the difference between the rates determined for the two years.

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

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

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

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

27 C.(1) Except as provided in Paragraph (2) of this Subsection, any excess
 28 contributions resulting from the board's exercise of its authority pursuant to
 29 Paragraph (B)(1) of this Section shall be applied, until exhausted, exclusively to
 30 reduce the outstanding balance of the oldest positive amortization base; however, the

1 future payments for such amortization base shall continue to be made according to
2 the original amortization schedule established in compliance with the requirements
3 of Article X, Section 29(E)(3) of the Constitution of Louisiana and R.S. 11:103 until
4 the outstanding balance is fully liquidated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 Section 4. This Act shall become effective on July 1, 2023; if vetoed by the governor
19 and subsequently approved by the legislature, this Act shall become effective on July 1,
20 2023, 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: _____