

2024 Regular Session

HOUSE BILL NO. 43

BY REPRESENTATIVE BACALA

RETIREMENT/MUNICIPAL POL: Provides relative to contributions to and the administration of the Municipal Police Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:2214(A)(2)(a) and (d)(ii), 2225(A)(3)(a), 2225.4, and
3 2227(A) and (B)(1)(introductory paragraph), relative to the Municipal Police
4 Employees' Retirement System; to require employers to submit various member
5 enrollment documents and contribution reports to the system; to provide deadlines
6 and related penalties; to provide relative to the system's board of trustees; to provide
7 relative to unfunded accrued liability payments by municipalities that dissolve or
8 substantially reduce their police departments; to provide for deadlines and related
9 penalties; to provide for an effective date; and to provide for related matters.

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

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 11:2214(A)(2)(a) and (d)(ii), 2225(A)(3)(a), 2225.4, and 2227(A)
15 and (B)(1)(introductory paragraph) are hereby amended and reenacted to read as follows:

16 §2214. Membership

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

18 (1) All persons who are members on September 7, 1977, shall remain
19 members as a condition of their employment.

1 (2)(a)(i) Except as provided further in this Paragraph, any person who
 2 becomes an employee as defined in R.S. 11:2213 on and after September 9, 1977,
 3 shall become a member as a condition of his employment. However, a person who
 4 becomes an employee before July 1, 2021, shall become a member only if he is
 5 under fifty years of age at the date of employment.

6 (ii) An employer shall submit to the retirement system for each member it
 7 employs a fully completed membership enrollment form, a copy of the birth
 8 certificate and Social Security card for each member and his beneficiaries and a fully
 9 completed physical examination form pursuant to Subparagraph (d) of this Paragraph
 10 by the later of ninety days after the member became eligible for membership or
 11 October 1, 2024. An employer that fails to provide the documents specified in this
 12 Item shall pay the retirement system a fine of one hundred dollars per day per
 13 member whose documents have not been submitted, subject to a maximum of two
 14 thousand dollars per each such member. The fine shall be paid no later than the
 15 fifteenth day of the month following the month in which the deadline occurred. Once
 16 the penalty reaches the maximum penalty amount, payments shall also include
 17 interest at the system's valuation interest rate. Payments shall be paid in the same
 18 manner as regular payroll payments to the system. No retiree or beneficiary shall
 19 receive benefits if the documents required by this Item pertaining to the retiree or
 20 beneficiary are not submitted to the system and all fines owed to the retirement
 21 system that are attributable to failure of the employer to timely submit the retiree's
 22 or beneficiary's documents are paid.

23 (iii) If a member submits an affidavit pursuant to R.S. 11:157 opting out of
 24 membership, such affidavit shall not be effective until the date that all documents
 25 specified in Item (ii) of this Subparagraph and pertaining to the member are provided
 26 to the retirement system and any applicable fines and interest owed for such
 27 membership have been paid by the employer to the retirement system.

* * *

1 (d)

2 * * *

3 (ii) The submission to a physical examination and the execution of any
4 waivers of preexisting conditions or history shall be completed and all
5 documentation related thereto received by the system ~~within six months after the~~
6 ~~date of employment~~ by the deadline provided in Item (a)(ii) of this Paragraph. The
7 employee is then a member of the system from the date of employment. If the
8 documentation for an employee whose employment making him eligible for
9 membership in the system occurs on or before June 30, 2021, is not received by the
10 system within the allotted time period, the employee shall be a member for purposes
11 of receiving regular benefits from the date of employment but shall not be eligible
12 for disability benefits until the documentation has been received by the system
13 except as provided in Item (iii) of this Subparagraph. If the system does not receive
14 the documentation within the allotted time period for an employee whose
15 employment making him eligible for membership in the system occurred after June
16 30, 2021, the employee shall be a member eligible to begin vesting for regular
17 benefits from the date of employment but shall not be eligible to begin vesting for
18 disability benefits for an injury not incurred in the line of duty until the
19 documentation is received.

20 * * *

21 §2225. Administration

22 A.

23 * * *

24 (3)(a) If a vacancy occurs in the office of a trustee, the vacancy shall be
25 filled for the unexpired term in the same manner as the office was previously filled.
26 If a member of the board of trustees elects to participate in the deferred retirement
27 option plan he shall continue to serve as a member of the board of trustees until the
28 expiration of the term for which he was elected or until his employment terminates,
29 whichever occurs first. If an elected member of the board of trustees with no more

1 than two years left in his term becomes a retiree of the system, he may continue to
 2 serve as a member of the board of trustees until the expiration of the term for which
 3 he was elected. If a member of the board of trustees serving in a Chiefs District I or
 4 Chiefs District II position with no more than two years left in his term ceases to be
 5 a chief of police but remains a member of the system, he may continue to serve as
 6 a member of the board of trustees until the expiration of the term for which he was
 7 elected. All members of the board of trustees elected to terms beginning on or after
 8 November 2, 1987, shall be employees of the district from which they are elected
 9 and shall be elected under rules of the board of trustees by the members employed
 10 in that district. Every active member shall be eligible to vote for the chief and
 11 nonchief positions on the board of trustees in the districts which include the parish
 12 of their employment.

13 * * *

14 §2225.4. Unfunded accrued liability; payment by employer

15 A.(1) If ~~any an~~ an employer ~~participating in the system~~ fully dissolves its police
 16 department ~~and contracts for police services with another entity~~, the employer shall
 17 be liable for an amount determined by multiplying the employer's UAL percentage
 18 for the fiscal year immediately preceding the date of dissolution by the system's UAL
 19 for the fiscal year immediately preceding the date of dissolution ~~remit to the system;~~
 20 ~~beginning the July first immediately following the date of dissolution, that portion~~
 21 ~~of the unfunded accrued liability existing on the June thirtieth immediately prior to~~
 22 ~~the date of dissolution of the police department, attributable to such employer and~~
 23 ~~calculated using the allocation percentage included in the prior fiscal year's employer~~
 24 ~~pension report produced according to requirements established by the Governmental~~
 25 ~~Accounting Standards Board.~~ The amount due pursuant to the provisions of this
 26 Paragraph shall be adjusted to the date of payment using ~~include interest at the~~
 27 system's valuation interest rate.

28 (2)(a) If ~~a participating~~ an employer partially dissolves its police department,
 29 the employer shall be liable for ~~a pro rata portion of the system's unfunded accrued~~

1 ~~liability~~ an amount determined by multiplying the partial dissolution percentage
 2 attributable to such employer by the system's UAL for the most recent fiscal year.
 3 ~~The portion shall be calculated by applying the percentage decrease in the salaries~~
 4 ~~paid to participating employees by the employer on June thirtieth and salaries paid~~
 5 ~~to participating employees by the employer as of June thirtieth of the prior year to~~
 6 ~~the total payment that would have been required pursuant to the provisions of~~
 7 ~~Paragraph (1) of this Subsection if the employer had fully dissolved its police~~
 8 ~~department. Payments required~~ The amount determined pursuant to the provisions
 9 of this Paragraph shall include interest at be adjusted to the date of payment using
 10 the system's valuation interest rate.

11 (b) ~~A participating~~ An employer shall be deemed to have partially dissolved
 12 its police department if its current participation level meets either of the following
 13 occurs conditions:

14 (i) ~~The number of participating employees of the employer as of June~~
 15 ~~thirtieth is less than seventy percent of the number of participating employees of the~~
 16 ~~employer as of June thirtieth of the prior year and either the number of participating~~
 17 ~~employees decreases by at least two or the number of participating employees is~~
 18 ~~zero.~~ The employer's current participation level is at least fifty fewer than its average
 19 prior participation level.

20 (ii) ~~The number of participating employees of the employer as of June~~
 21 ~~thirtieth is at least fifty fewer than the number of participating employees of the~~
 22 ~~employer as of June thirtieth of the prior year.~~ The employer's current participation
 23 level is at least twenty percent less than its average prior participation level.

24 B.(1) Any amount due pursuant to Subsection A of this Section shall be
 25 determined by the actuary employed by the system and shall be amortized over
 26 fifteen years in equal monthly payments with interest at the system's valuation
 27 interest rate. ~~Payments~~ Such payments ~~for withdrawals that occur on or after July~~
 28 ~~1, 2018,~~ shall be payable to the system electronically beginning July first of the
 29 second fiscal year following the determination by the actuary and in the same

1 manner as regular payroll payments to the system. ~~Beginning July first of the fiscal~~
 2 ~~year following the withdrawal, interest shall accrue at the system's actuarial~~
 3 ~~valuation rate, compounded annually. A penalty of twenty-five percent of the~~
 4 ~~aggregate monthly payments shall be assessed for any delinquent amounts due or~~
 5 ~~remaining due after June 30, 2024, pursuant to this Section. An employer that failed~~
 6 ~~to transmit the required amounts due in a timely manner shall also reimburse the~~
 7 ~~system any legal and actuarial fees paid by the system in the collection of amounts~~
 8 ~~pursuant to this Section attributable to amounts unpaid or remaining unpaid after~~
 9 ~~June 30, 2024.~~

10 (2) ~~If the number of participating employees of an employer subject to~~
 11 ~~Paragraph (A)(2) of this Section returns to at least the number of participating~~
 12 ~~employees as of the June thirtieth immediately preceding the withdrawal If an~~
 13 ~~employer's current participation level returns to the average prior participation level~~
 14 ~~used in the calculation of a previous partial dissolution, the payments required by~~
 15 ~~this Section with respect to that partial dissolution shall cease on the July first~~
 16 ~~following the determination by the actuary that a sufficient increase in participating~~
 17 ~~employees for that particular employer has occurred, and the employer shall receive~~
 18 ~~credit towards a subsequent dissolution for prior partial dissolution payments~~
 19 ~~remitted during the previous fifteen years. and no further payments shall be due with~~
 20 ~~respect to the withdrawal. Any payments made pursuant to this Section shall be~~
 21 ~~credited as an offset of any amounts due by the employer attributable to any~~
 22 ~~subsequent withdrawal that occurs within fifteen years of the payments.~~

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

25 (a) ~~By action in a court of competent jurisdiction~~ the Nineteenth Judicial
 26 Court of Louisiana against the delinquent employer. The amount due shall include
 27 interest calculated at the system's actuarial valuation rate, compounded annually.
 28 The employer shall also be liable for any legal and actuarial fees incurred by the
 29 system in the collection of amounts pursuant to this Section.

1 (b) The ~~board~~ system's executive director may certify to the state treasurer
 2 all amounts attributable to the delinquent employer. In support of such certification,
 3 the ~~board~~ executive director shall ~~submit~~ certify to the treasurer ~~a resolution~~
 4 ~~certifying~~ the name of the delinquent employer, its failure to pay, and the amount
 5 owed ~~and shall name a designee or designees to act on the board's behalf~~. Upon
 6 receipt of such certification, the treasurer shall deduct from monies payable to the
 7 certified delinquent party the certified amount due and shall remit such deducted
 8 amounts directly to the Municipal Police Employees' Retirement System.

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

12 D. For the purposes of this Section, the following terms shall have the
 13 following meanings:

14 (1) ~~"Participating employee" shall mean an active member or participant in~~
 15 ~~the Deferred Retirement Option Plan.~~ "Average prior participation level" means the
 16 average number of participating employees for the employer over the ten fiscal years
 17 preceding the most recent fiscal year. For dissolutions occurring prior to June 30,
 18 2024, this term means the number of participating employees of the employer as of
 19 June thirtieth of the year prior to the dissolution.

20 (2) ~~"Withdrawal" shall mean the dissolution or partial dissolution of a police~~
 21 ~~department as described in Subsection A of this Section.~~ "Average prior UAL
 22 percentage" means the average of the employer's UAL percentage for the ten fiscal
 23 years preceding the most recent fiscal year.

24 (3) "Current participation level" means the number of participating
 25 employees for each employer for the most recent fiscal year.

26 (4) "Employer" means "employer" as defined by R.S. 11:2213 and also:

27 (a) A municipality that, at the time of certification, does not have a full-time
 28 police officer or an elected chief making at least one thousand dollars per month.

1 (b) A municipality that failed to timely enroll its employees. For such an
2 employer, a determination pursuant to this Section shall be based on the number of
3 employees who should have been enrolled and the earnable compensation that
4 should have been paid.

5 (5) "Most recent fiscal year" means the last fiscal year for which there is an
6 annual employer pension report, produced according to requirements established by
7 the Governmental Accounting Standards Board, was issued.

8 (6) "Partial dissolution percentage" means the greater of zero and the
9 difference between the average prior UAL percentage and the UAL percentage for
10 the most recent fiscal year. The partial dissolution percentage shall not be greater
11 than the difference between the UAL percentage of the most recent prior partial
12 dissolution for which payments remain due and the UAL percentage for the most
13 recent fiscal year.

14 (7) "Participating employee" means an active member, an employee not
15 timely enrolled but required to be a member, or participant in the Deferred
16 Retirement Option Plan.

17 (8) "UAL" means unfunded accrued liability or unfunded actuarial accrued
18 liability.

19 (9) "UAL percentage" means the percentage of the system's net pension
20 liability attributable to the employer according to requirements established by the
21 Governmental Accounting Standards Board.

22 * * *

23 §2227. Method of financing

24 A.(1) All of the assets of the retirement system shall be credited according
25 to the purpose for which they are held to one of five funds, namely, the Annuity
26 Savings Fund, the Annuity Reserve Fund, the Pension Accumulation Fund, the
27 Expense Fund, and the deferred retirement option plan account.

28 (2)(a) Each mandatory reporter shall electronically submit a contributions
29 report to the retirement system no later than the fifteenth day of each month. Each

1 mandatory reporter shall report the amount of earnable compensation per employee
 2 and shall separately report state supplemental pay and the amount of compensation
 3 paid for overtime. The report shall include other information prescribed by the board
 4 of trustees. A mandatory reporter that did not employ any eligible employees during
 5 the previous month shall submit a contributions report certifying that fact to the
 6 system.

7 (b) If a mandatory reporter submits a contributions report that is in error as
 8 to the earnable compensation of any member, such an error results in an
 9 overpayment of benefits by the system, and the system is unable to recover through
 10 reduction of the member's benefits, the mandatory reporter is liable to the system for
 11 the amount of overpayment and shall reimburse the system for the full amount of all
 12 such overpayments within thirty days after notification of the discovery of the error
 13 or overpayment.

14 (c) Beginning with the monthly contributions report due on August 15, 2025,
 15 a mandatory reporter that does not submit a monthly contributions report shall pay
 16 one hundred dollars per day for each day that the compensation report is delinquent.
 17 The maximum penalty per monthly reporting period is two thousand dollars. Once
 18 the penalty meets the maximum penalty amount, payments required by this
 19 Subparagraph shall also include interest at the system's valuation interest rate and
 20 shall be paid in the same manner as regular payroll payments to the system.

21 (d) For purposes of this Paragraph, "mandatory reporter" means any
 22 municipality that, within the previous ten fiscal years, employed any police officer
 23 or chief of police, regardless of whether such person met the definition of employee.

24 B. Annuity savings fund: The annuity savings fund shall be the fund in
 25 which shall be accumulated contributions from the compensation of members to
 26 provide for their annuities. Contributions to the annuity savings fund shall be made
 27 as follows:

28 (1) Each municipality shall make deductions from any salary or wages
 29 excluding overtime paid by them to any member of this system in accordance with

1 the provisions of R.S. 11:62(6) on the earnable compensation paid him in each and
2 every payroll. ~~All employers shall report separately the amount of compensation~~
3 ~~paid for overtime on their monthly contribution reports.~~

4 * * *

5 Section 2. This Act shall become effective on July 1, 2024; if vetoed by the governor
6 and subsequently approved by the legislature, this Act shall become effective on July 1,
7 2024, or on the day following such approval by the legislature, whichever is later.

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)]

HB 43 Original

2024 Regular Session

Bacala

Abstract: Provides relative to the Municipal Police Employees' Retirement System (MPERS) including provisions for: UAL payments by municipalities that dissolve or substantially reduce their police departments; deadlines for submission of member information and reports; penalties for failing to timely submit information or reports; and service on the MPERS board of trustees.

Proposed law requires MPERS employers to submit to the retirement system a fully completed membership enrollment form, a copy of the birth certificate and Social Security card for each member it employs and his beneficiaries within 90 days after employment.

Present law requires an employee to have a physical examination and further requires that the examination and the execution of any waivers of preexisting conditions or history be received by the system within six months after employment.

Proposed law changes the deadline for submitting the physical examination to the system to 90 days after employment.

Proposed law provides that an employer that does not submit the required materials within 90 days shall pay a fine of \$100 per day per member whose documents have not be submitted, subject to a maximum of \$2000 per member. Provides for interest on unpaid amounts. Provides that no retiree or beneficiary shall receive benefits if the documents are not received and fines not paid. Provides that an affidavit opting out of membership in the system, as authorized by present law, is not effective until the date that such documents are provided and fines paid.

Present law provides that the MPERS system is governed by a board of trustees comprised of 15 members. Board membership includes seven active contributing members, four of who shall be police chiefs and three of whom shall not be chiefs.

Proposed law provides that if such a member of the board with no more than two years left in his term becomes a retiree of the system or is no longer a police chief, he shall continue to serve as a member of the board until the expiration of the term for which he was elected.

Proposed law requires a municipality that employed a police officer or chief within the previous 10 fiscal years to submit reports to the system as follows:

- (1) Reports shall be submitted no later than the 15th day of each month.
- (2) The reports shall include the amount of earnable compensation per employee and shall separately report state supplemental pay and the amount of compensation paid for overtime. The report shall include other information prescribed by the board.
- (3) If a report is in error as to the earnable compensation of any member and such an error results in an overpayment of benefits by the system, the municipality shall reimburse the system for the overpayments within 30 days after notification of the discovery of the error or overpayment.
- (4) The penalty for failing to timely file such reports is \$100 per day, subject to a maximum of \$2000 per month. Once the penalty meets the maximum, the municipality is also required to pay interest on the penalty.

Present law requires a municipality that dissolves or substantially reduces the size of its police department to make certain unfunded accrued liability payments to MPERS based on the size of the department prior to the reduction. Proposed law amends present law regarding partial dissolutions as follows:

- (1) Present law provides that a police department is partially dissolved if its number of employees participating in the system is reduced by at least 50. Proposed law retains present law. Present law provides that a police department is partially dissolved if the number of participating employees is reduced by 30% or more and either the number of participating employees decreases by at least two or the number of participating employees is zero. Proposed law provides that a department is partially dissolved if that number is reduced by 20%.
- (2) Present law provides that a partial dissolution is determined by comparing the number of employees in the current year to the number in the previous year. Proposed law provides that the number in the current year is compared to the average of the 10 previous years.
- (3) Proposed law provides for a 25% penalty for unpaid payments. Further provides that the employer shall reimburse the system any legal and actuarial fees associated with collection of the payments.

Effective July 1, 2024.

(Amends R.S. 11:2214(A)(2)(a) and (d)(ii), 2225(A)(3)(a), 2225.4, and 2227(A) and (B)(1)(intro. para.))