

2026 Regular Session

HOUSE BILL NO. 1237 (Substitute for House Bill No. 49 by Representative Bacala)

BY REPRESENTATIVES BACALA AND FREEMAN

RETIREMENT/STATEWIDE SYS: Provides relative to the Municipal Police Employees Retirement System and the Firefighters' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:157(C)(1), 2262.1(A) and (B), to enact R.S. 11:2262.1(D)(3)
3 and (4), and to repeal R.S. 11:2225.4(A)(2)(a) and (b), relative to the Municipal
4 Police Employees' Retirement System and the Firefighters' Retirement System; to
5 provide relative to membership in the systems; to provide relative to partial
6 dissolution of a police department or a fire department; to provide relative to the
7 payment of unfunded accrued liability by employers; to provide for certain
8 determinations; to provide for timing of payments; to provide for definitions; to
9 provide relative to employer contributions; to provide for effectiveness; and to
10 provide for related matters.

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

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. R.S. 11:157(C)(1), 2262.1(A) and (B) are hereby amended and reenacted
16 and R.S. 11:2262.1(D)(3) and (4) are hereby enacted to read as follows:

17 §157. Firefighters' Retirement System; Municipal Police Employees' Retirement
18 System; optional membership; refund of employee contributions; irrevocable
19 election; reenrollment; membership verification information

20 * * *

1 C.(1) Any employee who elects not to become a member of the applicable
2 retirement system set forth in Subsection A of this Section shall, before such election
3 can become valid, execute and file with the retirement system an affidavit stating
4 that his election not to be a member is of his own free will and is his own voluntary
5 act and deed. The affidavit shall be signed and notarized by the chief of police or
6 mayor of the employing municipality.

7 * * *

8 §2262.1. Dissolution of fire department; unfunded accrued liability; payment by
9 employer

10 A.(1)(a) If an employer fully dissolves its fire department, the employer shall
11 remit to the system, beginning the first July immediately following the date of
12 dissolution, that portion of the unfunded accrued liability existing on the thirtieth of
13 June immediately prior to the date of dissolution of the fire department that is
14 attributable to such employer and calculated using the allocation percentage included
15 in the prior fiscal year's employer pension report produced according to requirements
16 established by the Governmental Accounting Standards Board. The amount due
17 pursuant to the provisions of this Paragraph shall include interest at the system's
18 valuation interest rate.

19 (b) For the purposes of this Section, the actuary employed by the system may
20 make adjustments to the allocation percentages included in the employer pension
21 report for the prior fiscal year based on additional information.

22 (2)(a) If an employer partially dissolves its fire department during a fiscal
23 year, the employer shall be liable for a pro rata portion of the system's unfunded
24 accrued liability. The portion shall be calculated by ~~applying the percentage~~
25 ~~decrease in the salaries paid to participating employees by the employer on the~~
26 ~~thirtieth of June and salaries paid to participating employees by the employer as of~~
27 ~~the thirtieth of June of the prior year to~~ multiplying the total payment that would
28 have been required pursuant to the provisions of Paragraph (1) of this Subsection if
29 ~~the employer had fully dissolved its fire department. Payments required pursuant to~~

1 ~~the provisions of this Paragraph shall include interest at the system's valuation~~
2 ~~interest rate. by the ratio of the difference between the fiscal year's base employee~~
3 ~~count and the fiscal year's participating employee count to the prior fiscal year's~~
4 ~~participating employee count. Payments required pursuant to the provisions of this~~
5 ~~Paragraph shall include interest at the system's valuation interest rate.~~

6 (b) A participating employer shall be deemed to have partially dissolved its
7 fire department ~~if either~~ during a fiscal year if any of the following occurs:

8 (i) ~~The number of participating employees of the employer as of June~~
9 ~~thirtieth~~ employee count is zero.

10 (ii) The participating employee count is less than seventy percent of the
11 ~~number of participating employees of~~ base employee count rounded down to the
12 nearest whole number, and the employer as of June thirtieth of the prior year and
13 ~~either the number of participating employees decreases by at least two or the number~~
14 ~~of participating employees is zero. difference between the base employee count and~~
15 ~~the participating employee count is at least three.~~

16 (ii) (iii) ~~The number of participating employees of the employer as of June~~
17 ~~thirtieth~~ employee count is at least fifty fewer than the ~~number of participating~~
18 ~~employees of the employer as of June thirtieth of the prior year~~ base employee count.

19 B.(1) Any amount due pursuant to Subsection A of this Section shall be
20 determined by the actuary employed by the system and shall be amortized over
21 fifteen years in equal monthly payments with interest at the system's valuation
22 interest rate. ~~Such~~ Any such payments shall be payable to the system electronically
23 beginning July first of the second fiscal year following the determination by the
24 actuary ~~and if such determination occurs prior to June 30, 2024, or beginning July~~
25 ~~first of the third fiscal year following the determination by the actuary if such~~
26 ~~determination occurs on or after June 30, 2024. Such payments shall be payable in~~
27 the same manner as regular payroll payments to the system. Beginning July first of
28 the fiscal year following the withdrawal, interest shall accrue at the system's actuarial
29 valuation rate, compounded annually.

1 base employee count for an employer for a fiscal year shall be the lesser of the
 2 smallest participating employee count from such prior partial dissolutions and the
 3 number of participating employees as of June thirtieth of the prior fiscal year.

4 Section 2. R.S. 11:2225.4(A)(2)(a) and (b) are hereby repealed in their entirety.

5 Section 3. This Act shall become effective upon signature by the governor or, if not
 6 signed by the governor, upon expiration of the time for bills to become law without signature
 7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 8 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 9 effective on the day following such approval.

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 1237 Original

2026 Regular Session

Bacala

Abstract: Provides relative to dissolution of a police or fire department by an employer in the Municipal Police Employees' Retirement System or Firefighters' Retirement System.

Opt-out Provision

Present law, applicable to Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS), generally requires a person who meets the definition of "employee" contained in present law to become a system member as a condition of employment.

Proposed law retains present law.

Present law, applicable to MPERS and FRS, allows an employee whose employer covers its police officers or firefighters under Social Security to elect not to become a member of the system. Provides requirements and procedures for making the election including execution of an affidavit.

Proposed law retains present law and requires the police chief or the mayor of the employing municipality to sign and notarize the affidavit electing to not participate in the retirement system.

FRS Partial Dissolution Provision

Present law provides generally for an employer with a sufficient reduction in employees to be deemed to have partially dissolved and requires payments to the system. Provides for definitions and determinations related to the reduction and payments with determinations made as part of the actuarial valuation process.

Proposed law retains present law.

Present law provides that a participating employer shall be deemed to have partially dissolved its fire department if either of the following occurs:

- (1) The number of participating employees of the employer on the valuation date is less than 70% of the number of participating employees of the employer as of June 30th of the prior fiscal year and either the number of participating employees decreases by at least a minimum number or the number of participating employees is zero.
- (2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the number of participating employees of the employer as of June 30th of the prior year.

Present law provides for a minimum decrease of at least three employees.

Proposed law provides that a participating employer shall be deemed to have partially dissolved its fire department if either of the following occurs:

- (1) The number of participating employees of the employer as of June 30th is less than 70% of the base employee count and either the number of participating employees is zero or the number of participating employees decreases by at least the minimum.
- (2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the base employee count.

Proposed law further provides that if the calculation of the percentage does not result in a whole number, the actuary shall round to the nearest lower whole number.

Present law requires payments to begin on the first of July of the second fiscal year following the determination that a partial dissolution has occurred.

Proposed law requires payments to begin on the first of July of the third fiscal year following the determination for withdrawals based on a valuation dated June 30, 2024, or later.

Proposed law provides that if an employer is delinquent on June 30th in any year, certain provisions of proposed law do not apply to the withdrawal on which the payments are delinquent and any additional withdrawal based on the June 30th actuarial valuation of that year.

MPERS Dissolution Provision

Present law provides that a participating employer in Municipal Police Employees' Retirement System (the system) that partially dissolves its police department shall pay the portion of the system's UAL attributable to that employer existing on the June 30 prior to the dissolution, with interest.

Present law requires that the employer's UAL portion be calculated using the allocation percentage included in the prior fiscal year's employer pension report produced according to requirements established by the Governmental Accounting Standards Bd.

Present law requires an employer to pay a pro rata portion of the UAL attributable to that employer if there is a significant reduction in the employer's participation in the system (partial dissolution).

Present law requires such payments if either of the following occurs during a one year period:

- (1) A 30% or greater decrease in active members and DROP participants and the number of participating employees decreases by at least two.

(2) The number of participating employees decreases by at least 50.

Present law requires that payments be amortized over 15 years in equal payments.

Present law provides that if the number of participating employees of an employer whose department was partially dissolved returns to or exceeds the number of participating employees prior to the partial dissolution, payments shall cease on the July 1 following the increase. Any payments made will be credited as an offset of any amounts due for any subsequent dissolution or partial dissolution of the department that occurs within 15 years of such payment.

Proposed law repeals present law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:157(C)(1), 2262.1(A) and (B); Adds R.S. 11:2262.1(D)(3) and (4); Repeals R.S. 11:2225.4(A)(2)(a) and (b))