

# ACT No. 922

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

BY REPRESENTATIVES BACALA AND FREEMAN

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AN ACT

To amend and reenact R.S. 11:157(C)(1), 2225.4(B), (C)(2), and (D), 2227(D)(2), and 2262.1(A), (B), and (D)(introductory paragraph), to enact R.S. 11:2262.1(D)(3) and (4) and (E), and to repeal R.S. 11:2225.4(A)(2), relative to the Municipal Police Employees' Retirement System and the Firefighters' Retirement System; to provide relative to membership in the systems; to provide for recovery of delinquent payments; to provide relative to partial dissolution of a police department or a fire department; to provide relative to the payment of unfunded accrued liability by employers; to provide for certain determinations; to provide for timing of payments; to provide for definitions; to provide relative to employer contributions; to provide for effectiveness; and to provide for related matters.

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

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:157(C)(1), 2225.4(B), (C)(2), and (D), 2227(D)(2), and 2262.1(A), (B), and (D)(introductory paragraph) are hereby amended and reenacted and R.S. 11:2262.1(D)(3) and (4) and (E) are hereby enacted to read as follows:

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

\* \* \*



1 (2) Notwithstanding any other provision of law to the contrary, the board of  
2 trustees shall not collect any payments due from an employer for any partial  
3 dissolution that occurred prior to ~~July 1, 2018~~: July 1, 2025.

4 D. ~~For the purposes of this Section, the following terms shall have the~~  
5 ~~following meanings:~~

6 (1) ~~"Participating employee" shall mean an active member or participant in~~  
7 ~~the Deferred Retirement Option Plan.~~

8 (2) ~~"Withdrawal" shall mean the dissolution or partial dissolution of a police~~  
9 ~~department as described in Subsection A of this Section.~~ For the purposes of this  
10 Section, the unfunded accrued liability shall be determined using the level percentage  
11 of payroll entry age normal actuarial accrued liability.

12 \* \* \*

13 §2227. Method of financing

14 \* \* \*

15 D. Pension accumulation fund:

16 The pension accumulation fund shall be the fund in which shall be  
17 accumulated all reserves for the payment of all pension and benefits payable from  
18 contributions made by employers. Contributions to and payments from the pension  
19 accumulation fund shall be made as follows:

20 \* \* \*

21 (2) Delinquent payments due under R.S. 11:2227(B)(1) and 2227(D)(1) may  
22 be recovered through ~~either of the following actions:~~

23 (a) ~~Upon certification to the state treasurer and written notice to the~~  
24 ~~municipality by the director that a municipality's monthly report and payment of~~  
25 ~~contributions is delinquent, the state treasurer shall deduct the amount of the~~  
26 ~~delinquent contributions from any monies then available for distribution to or for the~~  
27 ~~benefit of that municipality and shall transmit said amount directly to the board of~~  
28 ~~trustees of the retirement system. Upon making such a deduction, the state treasurer~~  
29 ~~shall immediately notify the municipality that the deduction has been made and that~~  
30 ~~the funds available for distribution to it are reduced accordingly. In like manner, the~~



1 count and the fiscal year's participating employee count to the prior fiscal year's  
 2 participating employee count. Payments required pursuant to the provisions of this  
 3 Paragraph shall include interest at the system's valuation interest rate.

4 (b) An employer shall be deemed to have partially dissolved its fire  
 5 department if either of the following occurs:

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

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

17 B.(1) Any amount due pursuant to Subsection A of this Section shall be  
 18 determined by the actuary employed by the system and shall be amortized over  
 19 fifteen years in equal payments with interest at the system's valuation rate. ~~Payments~~  
 20 Any payments for withdrawals that occur on or after July 1, 2021, shall be payable  
 21 beginning the first of July of the second fiscal year following the determination by  
 22 the actuary ~~and~~ if such determination occurs prior to June 30, 2024, or beginning  
 23 July first of the third fiscal year following the determination by the actuary if such  
 24 determination occurs on or after June 30, 2024. Such payments shall be payable in  
 25 the same manner as regular payroll payments to the system. Beginning on the first  
 26 of July of the fiscal year following withdrawal, interest shall accrue at the system's  
 27 actuarial valuation rate, compounded annually.

28 (2)(a) If the ~~number of participating employees~~ participating employee count  
 29 of an employer subject to Paragraph (A)(2) of this Section returns to at least the  
 30 ~~number of participating employees as of the thirtieth of June immediately preceding~~

1 ~~the withdrawal,~~ base employee count for the fiscal year of partial dissolution, the  
 2 payments required by this Section shall cease on the first of July following the  
 3 determination by the actuary that a sufficient increase in participating employees has  
 4 occurred, and no further payments shall be due with respect to the ~~withdrawal.~~ partial  
 5 dissolution. Any payments made pursuant to ~~this Section~~ that partial dissolution  
 6 shall be credited as an offset of any amounts due by the employer attributable to any  
 7 subsequent ~~withdrawal that occurs~~ partial dissolution occurring after the fiscal year  
 8 of the sufficient increase in participating employees but within fifteen years of the  
 9 payments.

10 (b) Each fiscal year, for each employer subject to Paragraph (A)(2) of this  
 11 Section for which a payment remains due in the following fiscal year, the system's  
 12 actuary shall review the participating employee count for the employer for the prior  
 13 fiscal year. Beginning July first for the fiscal year following the actuary's review,  
 14 the payments determined according to Paragraph (B)(1) of this Section shall be  
 15 proportionately adjusted based on the participating employee count for the employer  
 16 for the prior fiscal year. Such adjustments shall not cause the proportional payment  
 17 to exceed the payment initially determined for the partial dissolution.

18 \* \* \*

19 D. For the purposes of this Section, the following terms shall ~~mean~~ have the  
 20 following meanings:

21 \* \* \*

22 (3) "Participating employee count" for an employer for a fiscal year shall  
 23 mean the number of participating employees as of June thirtieth of that fiscal year.

24 (4) "Base employee count" for an employer for a fiscal year shall mean the  
 25 number of participating employees as of June thirtieth of the prior fiscal year unless  
 26 the employer has partially dissolved in one or more of the prior fifteen fiscal years  
 27 and payments remain due for at least one such partial dissolution. In that case, the  
 28 base employee count for an employer for a fiscal year shall be the lesser of the  
 29 smallest participating employee count from such prior partial dissolution or the  
 30 number of the participating employees as of the June thirtieth of the prior fiscal year.

1                    E. For the purposes of this Section, the unfunded accrued liability shall be  
 2                    determined using the level percentage of payroll entry age normal actuarial accrued  
 3                    liability.

4                    Section 2. R.S. 11:2225.4(A)(2) is hereby repealed in its 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.

\_\_\_\_\_  
 SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
 PRESIDENT OF THE SENATE

\_\_\_\_\_  
 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_