

2015 Regular Session

HOUSE BILL NO. 44

BY REPRESENTATIVE MILLER

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

RETIREMENT/MUNICIPAL POL: Requires employers who terminate participation in the Municipal Police Employees' Retirement System to pay the portion of the system's unfunded accrued liability attributable to the employer's participation in the system

1 AN ACT

2 To enact R.S. 11:2225.4, relative to the Municipal Police Employees' Retirement System;
3 to provide with respect to unfunded accrued liability of the system; to provide for
4 payment by certain employers in certain circumstances; to provide for calculation
5 and payment of amounts due; to provide for collection of past due amounts; and to
6 provide for related matters.

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

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:2225.4 is hereby enacted to read as follows:

12 §2225.4. Unfunded accrued liability; payment by employer

13 A.(1) If any employer participating in the system dissolves its police
14 department and contracts for police services with another entity, the employer shall
15 remit to the system, as further provided in this Subsection, that portion of the
16 unfunded accrued liability existing on the June thirtieth immediately prior to the date
17 of dissolution of the police department, attributable to such employer. The amount
18 due pursuant to the provisions of this Paragraph shall include interest at the system's
19 valuation interest rate.

1 (2) If a participating employer does not dissolve its police department but the
2 salaries upon which contributions are made by an employer to the system for a fiscal
3 year are less than seventy percent of the salaries upon which contributions were
4 made to the system for the employer's immediately prior fiscal year, then the
5 employer shall be deemed to have partially dissolved its police department and shall
6 be liable for a pro rata portion of the system's unfunded accrued liability. The
7 portion shall be calculated by applying the percentage decrease in the employer's
8 fiscal year over fiscal year salaries upon which contributions are made to the total
9 payment that would have been required pursuant to the provisions of Paragraph (1)
10 of this Subsection if the employer had dissolved its police department. Payments
11 required pursuant to the provisions of this Paragraph shall include interest at the
12 system's valuation interest rate.

13 B. Any amount due pursuant to Subsection A of this Section shall be
14 determined by the actuary employed by the system and shall be paid either in a lump
15 sum or amortized over ten years in equal monthly payments with interest at the
16 system's valuation interest rate in the same manner as regular payroll payments to the
17 system, at the option of the employer.

18 C. If an employer fails to make a payment timely, the amount due shall be
19 collected in any of the following manners:

20 (1) By action in a court of competent jurisdiction against the delinquent
21 employer. The amount due shall include interest calculated at the system's actuarial
22 valuation rate, compounded annually.

23 (2) The board may certify to the state treasurer all amounts attributable to the
24 delinquent employer. In support of such certification, the board shall submit to the
25 treasurer a resolution certifying the name of the delinquent employer, its failure to
26 pay, and the amount owed and shall name a designee or designees to act on the
27 board's behalf. Upon receipt of such certification, the treasurer shall deduct from
28 monies payable to the certified delinquent party the certified amount due and shall

1 remit such deducted amounts directly to the Municipal Police Employees' Retirement
2 System.

3 D. For the purposes of this Section, the term "employer" shall have the same
4 meaning as provided in R.S. 11:2213 and shall include any municipality that
5 terminates participation in the system by dissolving its police department pursuant
6 to Subsection A of this Section.

7 Section 2. This Act shall become effective upon signature by the governor or, if not
8 signed by the governor, upon expiration of the time for bills to become law without signature
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
11 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 44 Original

2015 Regular Session

Miller

Abstract: Requires an employer in the Municipal Police Employees' Retirement System (MPERS) that terminates participation in the system by dissolving its police department, either fully or partially, to remit to the system any portion of UAL attributable to its prior participation.

Present law (R.S. 11:2211 et seq.) establishes MPERS to provide pension benefits for retirees and beneficiaries of full-time municipal police officers and chiefs of police.

Proposed law requires any municipality who fully or partially terminates participation in MPERS, through complete dissolution of its police force or through salary cuts of more than 30% to its existing police force, to pay to the system any UAL attributable to its prior participation. In the event of full termination, proposed law requires payment of the employer's portion of the UAL existing on the June 30th immediately prior to the date of termination, including interest at the system's valuation rate. Proposed law defines partial termination as a fiscal-year over fiscal-year decrease of more than 30% in the salaries upon which contributions are made to the system. In such event, the employer is liable for a pro rata portion of the system's UAL, calculated by applying the percentage decrease in fiscal-year over fiscal-year salaries upon which contributions are made to the total payment that would be required in the event of a full termination.

Proposed law requires the system actuary to determine amounts due. Further authorizes the terminating employer to pay the amount due in a lump sum or over a 10 year period in equal monthly payments with interest at the system's actuarial valuation rate.

Proposed law authorizes the system to collect delinquent amounts due pursuant to proposed law in one of two ways:

- (1) By filing an action against the delinquent employer in a court of competent jurisdiction. Provides that the amount due shall be collected with interest at the system's actuarial valuation rate, compounded annually.
- (2) By certifying to the state treasurer the name of the delinquent employer and the amount due. Upon receipt of such certification, the treasurer shall deduct from monies payable to the delinquent party the delinquent amount and remit such amount directly to MPERS.

Present law (R.S. 11:2231) defines "employer" for the purposes of MPERS law as "any municipality in the state which employs a full-time police officer, empowered to make arrests, or which has an elected chief of police whose salary is at least \$180 per month, and the Municipal Police Employees' Retirement System." Proposed law provides that for the purposes of proposed law only, the term "employer" shall have the same meaning as in present law and include any municipality that terminates participation pursuant to proposed law.

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

(Adds R.S. 11:2225.4)