CONFERENCE COMMITTEE REPORT
House Bill No. 569 By Representative Arnold

June 22, 2011

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 569 by Representative Arnold, recommend the following concerning the Reengrossed bill:

1. That Senate Committee Amendments Nos. 1, 2, 3, 4, and 6 proposed by the Senate Committee on Retirement and adopted by the Senate on June 20, 2011, be rejected.

2. That Senate Committee Amendments Nos. 5 and 7 through 19 proposed by the Senate Committee on Retirement and adopted by the Senate on June 20, 2011, be adopted.

3. That the following amendments to the reengrossed bill be adopted:

AMENDMENT NO. 1

On page 1, line 2 after "R.S." delete the remainder of the line and delete lines 3 through 6 in their entirety and insert "11:185(C), 3685.1(A)(2) and (B)(2)(a), 3685.2(B) and (C), 3688(A)(8), (9), (10), and (11), (B), (C), and (D), 3690, and 3695 and to enact R.S. 11:185(D), 3685.2(D) and (E), 3688(A)(12) and (E),"

AMENDMENT NO. 2

On page 1, at the end of line 8 delete "transfers," and delete lines 9 through 11 in their entirety and insert "financing, contributions, benefits, administration, and board of trustee education;"

AMENDMENT NO. 3

On page 1, line 17 after "R.S." delete the remainder of the line and delete line 18 through 21 in their entirety and insert "11:185(C), 3685.1(A)(2) and (B)(2)(a), 3685.2(B) and (C), 3688(A)(8), (9), (10), and (11), (B), (C), and (D), 3690, and 3695 are hereby amended and reenacted and R.S. 11:185(D), 3685.2(D) and (E), 3688(A)(12) and (E), 3696,"

AMENDMENT NO. 4

Delete pages 2 through 7 in their entirety and on page 8, delete lines 1 through 21 in their entirety

AMENDMENT NO. 5

On page 9, line 8, change "state and statewide retirement system" to "system to which this Section applies"

AMENDMENT NO. 6

On page 9, line 11, change "give" to "giving"

AMENDMENT NO. 7

On page 10, delete lines 5 through 28 in their entirety and delete pages 11 through 45 in their entirety

AMENDMENT NO. 8

On page 46, line 19, after "spouse," insert "the date"

AMENDMENT NO. 9

On page 48, at the beginning of line 14 delete "the survivor annuity which is"

AMENDMENT NO. 10

On page 48, line 25, change "42 U.S.C. 216(1)(2)" to "42 U.S.C. §416"

AMENDMENT NO. 11

On page 49, line 9, change "will" to "shall"

AMENDMENT NO. 12

On page 49, line 15, change "will" to "shall"

AMENDMENT NO. 13

On page 51 delete lines 21 through 29 in their entirety and delete pages 52 through 61 in their entirety and on page 62 delete lines 1 through 17 in their entirety

AMENDMENT NO. 14

On page 72, delete lines 13 through 29 in their entirety and delete page 73 in its entirety and on page 74, delete lines 1 through 3 in their entirety

AMENDMENT NO. 15

On page 75, at the end of line 14, delete "Subparagraphs"

Respectfully submitted,

Representative Jeffery "Jeff" J. Arnold	Senator D. A. "Butch" Gautreaux
Representative J. Kevin Pearson	Senator Conrad Appel
Representative Reed S. Henderson	Senator Ben Nevers

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)]

CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 569 by Representative Arnold

Keyword and oneliner of the instrument as it left the House

RETIREMENT/LOCAL: Relative to the Harbor Police Retirement System for the port of New Orleans, makes comprehensive changes to the provisions of such system

Report adopts Senate amendments to:

1. Delete all provisions of the bill except the following:

    a) Provisions increasing employee contributions and the employer contribution rate ceiling.

    b) Provisions dealing with the administration of the Harbor Police Retirement System.

    c) Authority and direction to correct errors and omissions made by the Harbor Police Retirement System.

Report rejects Senate amendments which would have:

1. Deleted provisions imposing certain educational requirements on members of the board of trustees of the Harbor Police Retirement System.

2. Deleted provisions facilitating continued compliance with I.R.S. provisions for tax-qualified retirement plans.

Report amends the bill to:

1. Add provisions imposing certain educational requirements on members of the board of trustees of the Harbor Police Retirement System.

2. Add provisions facilitating continued compliance with I.R.S. provisions for tax-qualified retirement plans.

Digest of the bill as proposed by the Conference Committee

Education Requirements for Boards of Trustees (R.S. 11:185)

Present law requires the members of boards of trustees of state and statewide retirement systems to receive a certain number of hours of education every year.

Proposed law provides that such education requirements shall apply to members of the HPRS board.

Tax Qualification (R.S. 11:3685.1 and 3685.2)

Proposed law makes changes to certain provisions relating to HPRS in conformity with provisions of the Internal Revenue Code relative to tax-qualified plans.

Proposed law further provides that the HPRS board shall promulgate rules for administering certain tax qualification provisions in present law and proposed law.

Administration of HPRS (R.S. 11:3688)

Present law provides generally for an HPRS board of trustees. Provides that the board shall be responsible for the operation of HPRS, and may employ or appoint certain professionals to carry out such responsibility.

Proposed law retains present law but provides that all service providers for HPRS including CPAs, actuaries, attorneys, investment advisors, and plan administrators shall be chosen jointly by the board of trustees and the Board of Commissioners of the Port of New Orleans.

Proposed law removes references to a medical board responsible for certifying disability applications and instead allows the board of trustees to hire a firm to provide medical advice to the board of trustees.

Method of Financing (Employee and Employer Contributions, etc.) (R.S. 11:3690)

Present law provides that the employee contribution for members of HPRS shall be 7% of compensation.

Proposed law changes the employee contribution to 9% of compensation.

Present law provides for calculations of normal cost and accrued liability for the purposes of determining the employer contribution rate.

Proposed law makes various technical and administrative changes in making such calculations.

Present law sets a cap on the employer contribution at 13% of payroll.

Proposed law changes the employer cap to 20% of payroll.

Errors and Omissions (R.S. 11:3696)

Proposed law provides that if any calculation error was made, which resulted in a member or beneficiary receiving the incorrect benefit amount, the HPRS board shall correct such mistake in a manner that is actuarially equivalent to the benefit that should have received. Further provides that the corrected benefit shall be paid prospectively. Further provides that the collection of overpayments or underpayments may be waived by the system if:

(1) It is deemed not to be cost effective to the system to locate a beneficiary or the estate of a member; or

(2) It is deemed by the board to be a hardship on the member or beneficiary.

Benefit Changes and Errors (R.S. 11:3697 and 3698)

Proposed law provides that statutory benefit changes shall be prospective only, unless otherwise specified by the legislation enacting the changes.

Proposed law provides that should any errors in benefit calculations be discovered through an audit conducted in 2011, the errors shall be addressed pursuant to Present law and proposed law, prospectively, and in the following manner:

(1) For members hired on 9/23/70, 6/21/79, 7/9/57, 1/3/59, and 6/28/61, whose retirement eligibility erroneously included unused sick leave toward service credit, the use of such leave shall be allowed.

(2) For members hired on 8/29/1990 and 4/4/94, who were over the permissible age for membership in HPRS, such members shall continue to be allowed as members of HPRS.

(3) For members hired on 7/1/47, 11/8/56, 7/9/57, 1/3/59, 6/28/61, 2/20/67, 7/3/68, 12/2/68, 1/2/69, 3/25/69, 4/21/69, 6/21/69, 10/4/69, 11/15/69, 9/23/70, and others, who were granted military service credit without paying for such credit, the use of such credit shall be allowed.

(4) Act 484 of the 1985 Regular Legislative Session provided for an increase in accrual rate from 3% to 3.33%. The Act provided that the increase shall be effective upon the board's approval. The board never approved such increase. Proposed law provides that such increase shall be applied as though properly adopted by the board of trustees for all members employed on July 1, 2011, and all persons retired as of such date.

(5) The increase to 3.33% and an increase in 1975 from 2.5% to 3% were implemented without guidance as to whether the increases were for future *and* past service. Proposed law provides that the increases shall be applicable to all service.

(6) Any cumulative net overpayment error shall be forgiven and any cumulative net underpayment error shall be paid entirely in a lump sum.

(7) For members hired on 3/27/68, 7/3/68, 12/3/68, 6/28/61, 3/30/71, 4/5/67, 3/25/60, 9/29/66, 9/23/70, 12/2/68, 7/28/69, 7/8/71, 6/21/69, 11/8/56, and 10/4/69 who transferred into HPRS at an accrual rate of 2.5% and were granted an accrual rate of 3% or 3.33% shall hire percentage shall be allowed.

Proposed law provides that the adjustments permitted under proposed law shall cease to be effective on July 1, 2012.

(Amends R.S. 11:185(C), 3685.1(A)(2) and (B)(2)(a), 3685.2(B) and (C), 3688(A)(8), (9), (10), and (11), (B), (C), and (D), 3690, and 3695; Adds R.S. 11:185(D), 3685.2(D) and (E), 3688(A)(12) and (E), 3696, 3697, and 3698; Repeals R.S. 11:3694)