DIGEST

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Ritchie HB No. 1050

Abstract: Provides relative to the tax qualification status of the Municipal Police Employees' Retirement System (MPERS) and allows the system to make changes in their laws necessary for tax qualification through the administrative rules process.

Present federal law (Internal Revenue Code §401 et seq.) contains certain requirements which must be met in order for governmental and nongovernmental retirement plans to attain and maintain "tax-qualified" status.

Present federal law (the Uniformed Services Employment and Reemployment Rights Act (USERRA)) provides relative to reemployment rights and retirement benefits of retirement system members performing "qualified military service".

Present state law (R.S. 29:401 et seq.) adopts and supplements USERRA.

Present federal law (Internal Revenue Code §414(u)) requires a retirement plan to comply with USERRA in order to maintain its tax-qualified status.

Present federal law (the Heroes Earnings Assistance and Relief Tax Act (HEART)) requires a tax-qualified retirement plan to comply with several additional requirements with respect to retirement system members performing "qualified military service":

(1) Death Benefits - for purposes of death benefits, if a member dies while performing qualified military service, the plan shall treat such member as having died during covered employment with the retirement plan.

(2) "Differential Wage Payment" – for any member performing qualified military service, who received "differential wage payments" from his employer (the portion of wages that the employee would be receiving if he were still employed), such payments shall be treated as compensation for purposes of testing contribution limits under federal law.

Proposed state law incorporates part of USERRA into the benefits statute for MPERS. Provides that a member who dies while performing qualified military service shall be treated as having been reemployed in his civilian position and died while an active employee. Such member's qualified military service shall be applied to his years of creditable service for purposes of vesting and retirement eligibility. Specifically prohibits such service from being used in the calculation of benefit accruals.

Further authorizes MPERS to adopt provisions complying with present federal law through the administrative rules process.

Proposed state law repeals certain provisions in the MPERS statutes relative to tax qualification status in order that such provisions may be recodified through administrative rule. Proposed law effecting the repeal of certain statutes shall become effective upon completion by MPERS of amending and recodifying these statutes through administrative rules.

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

(Adds R.S. 11:2220(I) and 2225(B); Repeals R.S. 11:2220.1, 2220.2, 2220.3, and 2234)