


2013 REGULAR SESSION  
ACTUARIAL NOTE HB 54

<b>House Bill 54 HLS 13RS-361</b> <b>Enrolled</b>  <b>Author: Representative Sam Jones</b>  <b>Date: June 3, 2013</b>  <b>LLA Note HB 54.05</b>  <b>Organizations Affected:</b> <b>Registrar of Voters Employees’</b> <b>Retirement System</b>  <b>EN DECREASE FC LF EX</b>	<b>This Note has been prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of this Note to HB 54 provides compliance with the requirements of R.S. 24:521.</b>   <b>Paul T. Richmond, ASA, MAAA, EA</b> <b>Manager Actuarial Services</b>
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**Bill Header:** RETIREMENT/REGISTR VOTER: Provides relative to the collection and enforcement of ad valorem tax proceeds due to the Registrar of Voters Employees’ Retirement System.

**Cost Summary:**

The estimated actuarial and fiscal impact of the proposed legislation is summarized below. Actuarial costs pertain to changes in the *actuarial present value of future benefit payments*. A cost is denoted by “Increase” or a positive number. Savings are denoted by “Decrease” or a negative number.

Actuarial Cost/(Savings) to Retirement Systems and OGB	\$0
Total Five Year Fiscal Cost	
Expenditures	Decrease
Revenues	Increase

**Estimated Actuarial Impact:**

The chart below shows the estimated change in the *actuarial present value of future benefit payments*, if any, attributable to the proposed legislation. A cost is denoted by “Increase” or a positive number. Savings are denoted by “Decrease” or a negative number. Present value costs associated with administration or other fiscal concerns are not included in these values.

<b>Actuarial Cost/(Savings) to:</b>	<b><u>Change in the</u></b> <b><u>Actuarial Present Value</u></b>
All Louisiana Public Retirement Systems	\$0
Other Post Retirement Benefits	\$0
Total	\$0

**Estimated Fiscal Impact:**

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits. Fiscal costs include estimated administrative costs and costs associated with other fiscal concerns. A fiscal cost is denoted by “Increase” or a positive number. Fiscal savings are denoted by “Decrease” or a negative number.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-2018	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	Decrease	Decrease	Decrease	Decrease	Decrease
Annual Total	\$ 0	Decrease	Decrease	Decrease	Decrease	Decrease

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-2018	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	Increase	Decrease	Decrease	Decrease	Decrease	Increase
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	Increase	Decrease	Decrease	Decrease	Decrease	Increase

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### **Bill Information:**

#### **Current Law**

Current law establishes the Registrars of Voters Employees' Retirement System (RVRS) and creates the pension accumulation fund within the system.

The monies in the pension accumulation fund are accumulated from the contributions made by employees, employers, and each sheriff and ex-officio tax collector and used for the payment of all benefits payable by the system.

Each sheriff and ex-officio tax collector deducts 1/16 of 1% of the aggregate amount of tax shown to be collected by the tax rolls for the parish and remits that amount to RVRS. If the amount remitted to the system is larger than the amount required by PRSAC, then the payment to be remitted the following year will be reduced accordingly. If the amount remitted is less than the amount required by PRSAC, then the additional amount is required to be contributed by the employers.

#### **Proposed Law**

HB 54 defines the term "tax collector" to mean any sheriff, ex-officio tax collector, collector of revenue, city tax collector, or any other person or official responsible for tax collection. The definition of "tax roll" is also further defined to mean any tax roll reflecting or relating to property located within any parish.

Under HB 54, if a tax collector of a political subdivision or jurisdiction becomes delinquent in making ad valorem tax remittals to RVRS required under current law, RVRS may certify such delinquency to the state treasurer. The state treasurer will then pay the delinquent amount to RVRS and deduct the amount paid from the revenue sharing funds otherwise payable by the state to the political subdivision or jurisdiction.

The board of trustees is authorized to exercise the remedy provided by HB 54 at any time for any past-due amount due to the retirement system from any parish, city, or other governmental entity, regardless of when the amounts became due. Such remedy is available in addition to any other remedy available under current law.

The failure of the board of trustees to exercise its right to collect past-due amounts directly from the state treasurer shall not constitute a waiver of such right.

#### **Implications of the Proposed Changes**

If HB 54 is enacted, ad valorem tax remittals to RVRS will be enforced by claiming state revenue sharing funds otherwise due to the delinquent jurisdiction.

### **Cost Analysis:**

#### **Analysis of Actuarial Costs**

##### **Retirement Systems**

The effects of HB 54 on actuarial costs are summarized below:

1. HB 54 has no effect on the actuarial present value of future benefit payments (APV). No benefit provisions are being changed by HB 54.
2. Employer contribution requirements will decrease to the extent that ad valorem tax payments remitted to RVRS will be larger than they would have been without the enactment of HB 54.

##### **Other Post Retirement Benefits**

There are no actuarial costs associated with HB 54 for the post-employment benefits other than pensions.

#### **Analysis of Fiscal Costs**

HB 54 will have the following effects on fiscal costs during the five year measurement period.

##### **Expenditures:**

1. Expenditures from the General Fund will not change. Any amounts that must be paid to RVRS by the General Fund will be deducted from revenue sharing amounts that would otherwise be paid from the General Fund to the taxing authority.
2. Expenditures from Local Funds will decrease because RVRS assets will increase and as a result employer contributions will decrease.

##### **Revenues:**

1. RVRS revenues (Agy Self-Generated) will increase in FYE 2014 to the extent that delinquent ad valorem tax amounts will be paid to RVRS out of the General Fund. We assume that HB 54 has been introduced because there are delinquent ad valorem taxes that are due to RVRS. Once these are collected from the state treasury and tax

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collectors realize that withholding payment to RVRS does not provide any advantage, remittance of ad valorem taxes to RVRS will become routine.

2. RVRS revenues (Agy Self-Generated) will decrease because employer contribution requirements will decrease.

**Actuarial Credentials:**

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

**Dual Referral:**

**Senate**

- ☐ 13.5.1  $\geq$  \$100,000 Annual Fiscal Cost
- ☐ 13.5.2  $\geq$  \$500,000 Annual Tax or Fee Change

**House**

- ☐ 6.8(F)  $\geq$  \$500,000 Annual Fiscal Cost
- ☐ 6.8(G)  $\geq$  \$500,000 Annual Tax or Fee Change