RÉSUMÉ DIGEST

ACT 922 (HB 1237) **2026 Regular Session** **Bacala**

Opt-out Provision

Existing law, applicable to the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS), generally requires a person who meets the definition of "employee" contained in existing law to become a system member as a condition of employment.

Existing law, applicable to MPERS and FRS, allows an employee whose employer covers its police officers or firefighters under Social Security to elect not to become a member of the system. Provides requirements and procedures for making the election including execution of an affidavit.

New law requires the police chief or the mayor of the employing municipality to sign and notarize the affidavit for a police officer who elects to not participate in MPERS.

MPERS Dissolution Provision

Existing law provides that if a participating employer in MPERS fully dissolves its police department, the employer shall pay the portion of the system's unfunded accrued liability (UAL) attributable to that employer existing on the June 30th prior to the dissolution, with interest.

Existing law requires the employer's UAL portion to be calculated using the allocation percentage included in the prior fiscal year's employer pension report produced according to requirements established by the Governmental Accounting Standards Bd.

Prior law required a participating employer in MPERS that partially dissolved its police department to pay the portion of the system's UAL attributable to that employer existing on the June 30th prior to the dissolution, with interest.

Prior law required an employer to pay a pro rata portion of the UAL attributable to that employer if there was a significant reduction in the employer's participation in the system under a partial dissolution.

Prior law required such payments if either of the following occurred during a one-year period:

(1) A 30% or greater decrease in active members and DROP participants and the number of participating employees decreased by at least two.

(2) The number of participating employees decreased by at least 50.

Prior law required payments to be amortized over 15 years in equal payments.

Prior law provided that if the number of participating employees of an employer whose department was partially dissolved returned to or exceeded the number of participating employees prior to the partial dissolution, payments ceased on the July first following the increase. Provided that payments made were credited as an offset of any amounts due for any subsequent dissolution or partial dissolution of the department that occurred within 15 years of such payment.

New law repeals prior law.

Existing law provides that the board of trustees shall not collect payments from an employer who was deemed to have partially dissolved its police department prior to a certain date.

Prior law provided that the date was July 1, 2018.

New law changes the date to July 1, 2025.

New law provides that the UAL is determined using the level percentage of payroll entry age normal actuarial accrued liability.

MPERS Method of Financing

Existing law authorizes MPERS to recover delinquent payments through an action initiated in a court of competent jurisdiction against the political subdivision with interest charged at the legal rate computed from the date the payment became delinquent.

Prior law authorized MPERS to recover delinquent payments upon certification to the state treasurer and written notice to the municipality by the director that a municipality's monthly report and payment of contributions were delinquent. Required the state treasurer to deduct the amount of the delinquent contributions from any monies available for distribution to or for the benefit of that municipality and transmit the amount to MPERS.

New law repeals prior law.

FRS Partial Dissolution Provision

Existing law provides generally that an employer with a sufficient reduction in employees is deemed to have partially dissolved and requires payments to the system. Provides for definitions and determinations related to the reduction and payments with determinations made as part of the actuarial valuation process.

Existing law provides that if a fire department partially dissolves, the employer is liable for a pro rata portion of the system's UAL.

Prior law provided that the portion was calculated by applying the percentage decrease in the salaries paid to participating employees by the employer on the June 30th and salaries paid to participating employees by the employer as of June 30th of the prior year to the total payment that would have been required if the employer had fully dissolved its fire department.

New law provides that the portion is calculated by multiplying the total payment that would have been required by the ratio of the difference between the fiscal year's *base employee count* and the fiscal year's participating employee count to the prior year's participating employee count.

New law requires payments to include interest at the system's valuation interest rate.

Existing law provides for when a fire department is deemed to have partially dissolved.

Prior law provided that a participating employer shall be deemed to have partially dissolved its fire department if either of the following occurred:

(1) The number of participating employees of the employer on the valuation date was less than 70% of the number of participating employees of the employer as of June 30th of the prior fiscal year and either the number of participating employees decreased by at least three or the number of participating employees was zero.

(2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the number of participating employees of the employer as of June 30th of the prior year.

New law provides that a participating employer shall be deemed to have partially dissolved its fire department if either of the following occurs:

(1) The number of participating employees of the employer as of June 30th is less than 70% of the *base employee count* and either the number of participating employees is zero or the number of participating employees decreases by at least three.

(2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the *base employee count*.

New law defines "base employee count" as the number of participating employees as of June 30th of the prior fiscal year unless the employer has partially dissolved in one or more of the prior fifteen fiscal years and payments remain due for at least one such partial dissolution. In that case, the base employee count is the lesser of the smallest participating employee count from the prior dissolution or the number of participating employees as of June 30th of the prior fiscal year.

New law further provides that if the calculation of the percentage does not result in a whole number, the actuary shall round to the nearest lower whole number.

Existing law requires partial dissolution payments to begin on the first of July.

Prior law required payments to begin in the second fiscal year following the determination that a partial dissolution occurred.

New law requires payments to begin in the third fiscal year following the determination for withdrawals based on a valuation dated June 30, 2024, or later.

New law provides that, beginning July first, for the fiscal year following the actuary's review, the payments determined under new law are proportionately adjusted based on the participating employee count for the employer for the prior fiscal year. Provides that such adjustments shall not cause the proportional payment to exceed the payment initially determined for the partial dissolution.

New law provides that the UAL is determined using the level percentage of payroll entry age normal actuarial accrued liability.

Effective upon lapse of time for gubernatorial action (June 16, 2026).

(Amends R.S. 11:157(C)(1), 2225.4(B), (C)(2), and (D), 2227(D)(2), and 2262.1(A), (B), and (D)(intro. para.); Adds R.S. 11:2262.1(D)(3) and (4) and (E); Repeals R.S. 11:2225.4(A)(2))