

RÉSUMÉ DIGEST

ACT 586 (HB 771)

2018 Regular Session

Bacala

Existing law provides that a participating employer in Municipal Police Employees' Retirement System (the system) that dissolves its police department shall pay the portion of the system's UAL attributable to that employer existing on the June 30 prior to the dissolution, with interest. New law requires that the employer's UAL portion 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.

Existing law requires an employer to pay a pro rata portion of the UAL attributable to that employer if there is a significant reduction in the employer's participation in the system (partial dissolution).

Prior law required such UAL payments if salaries upon which contributions are made by the employer are less than 70% of salaries from the prior fiscal year. New law requires such payments if either of the following occurs during a one year period:

- (1) A 30% or greater decrease in active members and DROP participants and the number of participating employees either decreases by at least two or drops to zero.
- (2) The number of participating employees decreases by at least 50.

Prior law provided that the employer could make payments either as a lump sum or equal monthly payments amortized over 10 years. New law requires that payments be amortized over 15 years in equal payments.

New law provides that if the number of participating employees of an employer whose department was partially dissolved returns to or exceeds the number of participating employees prior to the partial dissolution, payments shall cease on the July 1 following the increase. Any payments made will be credited as an offset of any amounts due for any subsequent dissolution or partial dissolution of the department that occurs within 15 years of such payment.

New law prohibits the board from collecting any payments as a result of a partial dissolution that occurred prior to July 1, 2018.

Effective July 1, 2018.

(Amends R.S. 11:2225.4)