

RÉSUMÉ DIGEST

HB 42

2024 Regular Session

Firment

Present law provides that an employee who is employed by any employer that has employees covered under the federal Social Security program may elect not to be a member of the Municipal Police Employees' Retirement System (MPERS).

Proposed law would have required that the irrevocable election not to participate be made within 30 days of becoming eligible to participate.

Present law provides that the MPERS board of trustees is composed of 15 members as follows:

- (1) Three active contributing members of the system with 10 or more years of service credit.
- (2) Four active contributing chiefs of police with four or more years of service credit.
- (3) Two regular retirees of the system.
- (4) The chairman of the Senate Committee on Retirement or his designee.
- (5) The commissioner of administration or his designee.
- (6) The state treasurer or his designee.
- (7) A member of the House Committee on Retirement appointed by the Speaker.
- (8) Two mayors appointed by the La. Municipal Assoc. (LMA).

Proposed law would have increased membership to 16 members by adding an additional mayor appointed by the LMA.

Proposed law would have required that one mayor be from a municipality with a population of less than 2,500.

Present law provides legal procedures by which MPERS collects delinquent payments. Provides for the treasurer to withhold certain funds otherwise owed to a municipality in order to satisfy the municipality's delinquent payments. Proposed law would have required, for municipalities with a population of greater than 2,500, a 2/3rds vote of the board of trustees to certify delinquent amounts to the treasurer.

Proposed law would have provided that actions and claims instituted by the retirement system, its board of trustees, any current or past employee or member, or any other claimant against any employer or member to recover delinquent payments, benefits, or damages of any kind is subject to a liberative prescription of three years.

Proposed law would authorized the board of trustees to approve a payment plan for a term of up to 15 years for amounts that became delinquent on or before June 30, 2024.

Proposed law would have authorized an employer or an employee to pay an amount equal to the actuarial cost of purchase of the service credit for which contributions were not paid for employment prior to June 30, 2021.

Present law provides that survivor benefits shall be payable to any survivor of an active contributing member who dies before retirement or a disability retiree who dies after retirement. Provides that benefits are payable upon application therefor and become effective as of the day following the death of the member.

Proposed law would have retained present law regarding when benefits are payable if the application is received within 120 days after the date of death. If not so received, benefits are payable no later than the first month following 30 days from the date that the system receives the application.

Present law provides that the benefits of any retiree who retires on or after July 1, 2021, and who becomes employed by an employer in a part-time position within the 12-month period immediately following his retirement shall be suspended for the duration of such employment or the lapse of 12 months from the effective date of retirement. Present law provides exceptions from this required benefit suspension for a police officer employed for not more than 50 hours per month or as an elected official other than a chief of police.

Proposed law would have repealed the exceptions and otherwise retained present law.

Present law provides for employees who continue to be employed after participation in the Deferred Retirement Option Plan (DROP).

Present law provides that if the employee dies or acquires a disability during the period of additional service, he shall be considered as having terminated employment on the date of death or commencement of disability.

Present law provides that if the employee dies, his designated beneficiary or, if none, his estate shall receive payment from his DROP account. Proposed law would have repealed present law.

(Proposed to amend R.S. 11:157(A)(1), 2220(B)(2)(e), 2225(A)(2)(a), and 2227(D)(2); proposed to add R.S. 11:157(A)(3), 2227(J)(3) and (4), 2236, and 2237; proposed to repeal R.S. 11:2213(11)(a)(iv), 2220(J)(4), and 2221(K)(4)(b))

VETO MESSAGE:

"Please be advised that I have vetoed House Bill 42 of the 2024 Regular Legislative Session. House Bill 42 would impose a three-year liberative prescriptive period for the Municipal Employee Retirement System (MPERS) to recoup delinquent employer contributions. This would mean that if an employer fails to enroll a police officer in the retirement system or neglects to pay the employer's share of the officer's retirement, MPERS or the employee would have only three years to initiate legal action to recover the owed contributions. This limitation may constitute an "operational failure" under Revenue Ruling 2021-30.

While I acknowledge Representative Firment's good intentions in proposing this bill and recognize his support for law enforcement, certain provisions of the bill may jeopardize the qualified status of the retirement plan. To ensure the plan maintains its qualified status, I believe it would be prudent to seek pre-approval from the IRS for such a limitation.

For these reasons, House Bill 42 will not become law."