

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 17 by Representative Hutter

RETIREMENT/CONTRIBUTIONS: Waives interest due on certain delinquent retirement contributions for a specified time period (Item #73)

Synopsis of Senate Amendments

1. Clarifies that provisions for waiver of interest on delinquent retirement contributions are applicable to employers who are unable to make the contributions on a timely basis by reason of Hurricane Katrina or Hurricane Rita.
2. Adds provisions relative to early retirement for certain members of the Louisiana State Employees' Retirement System (LASERS) furloughed, terminated, or placed on leave without pay as a result of budget reductions required by Hurricanes Katrina and Rita and provisions for filling of vacancies resulting from such retirements.

Digest of Bill as Finally Passed by Senate

Abstract: Waives the first two months' interest on delinquent contributions due for August or September 2005 to the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System, the Teachers' Retirement System of Louisiana, or any statewide public retirement system from an employer unable to make timely contributions due to Hurricanes Katrina or Rita. Also provides for early retirement for certain members of the Louisiana State Employees' Retirement System (LASERS) furloughed, terminated, or placed on leave without pay as a result of budget reductions required by Hurricanes Katrina and Rita and provisions for filling of vacancies resulting from such retirements.

Waiver of Interest on Delinquent Contributions

Present law provides that all payments of employers' contributions and employees' contributions to specified retirement systems, including any payments due from the state of Louisiana, which are paid after becoming delinquent, shall include interest to be paid to the retirement system at the rate of legal interest computed from the date the payment became delinquent.

Proposed law retains present law.

Present law applies to the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System, the Teachers' Retirement System of Louisiana, the Assessors' Retirement Fund, the Clerks' of Court Retirement and Relief Fund, the District Attorneys' Retirement System, the Firefighters' Retirement System, the Municipal Employees' Retirement System of Louisiana, the Municipal Police Employees' Retirement System, the Parochial Employees' Retirement System of Louisiana, the Registrars of Voters Employees' Retirement System, and the Sheriffs' Pension and Relief Fund.

Proposed law retains present law.

Proposed law, relative to any system to which present law applies, provides that for any employer who is unable to make required contributions on a timely basis as a consequence of Hurricane Katrina or Rita, or both, no interest shall be assessed or payable on contributions which were due for August or September 2005, for the first two months of delinquency.

Provides that the provisions of the Act relative to the waiver of interest on delinquent contributions are remedial, curative, and procedural and are to be applied retroactively as well as prospectively.

Early Retirement for Certain LASERS Members & Filling of Vacancies Thus Created

Present law provides that a regular member of the Louisiana State Employees' Retirement System (LASERS) is eligible to retire and receive a benefit of 2.50% of average compensation for each year of service credit if he has:

- (1) 10 years of service credit at age 60; or
- (2) 25 years of service credit at age 55; or
- (3) 30 years of service credit at any age.

Proposed law retains present law, but between Dec. 1, 2005, and Feb. 28, 2006, would provide a reduced benefit of 2.25% of average compensation for each year of service credit for a person who is an active contributing member of LASERS and a person who has been furloughed, terminated, or placed on leave without pay due to the budget reductions required by hurricanes Katrina and Rita, but who is at least age 50 with a minimum of 10 years of service credit and who retires within the given time frame and who is not eligible for regular retirement.

Proposed law would provide that any person to whom proposed law would otherwise apply who retired on or after November 1, 2005 with an actuarially reduced benefit under the provisions of present law shall, upon application to the LASERS board of trustees, have his retirement benefit recalculated under the provisions of proposed law, so long as his application for recalculation is received by the system on or before Feb. 28, 2006. The person shall receive the greater of the two benefits.

Provisions of proposed law would not apply to those groups of state employees whose retirement benefits are calculated with an accrual rate higher than 2.50%.

Proposed law would provide that all unused accumulated sick and annual leave of a person retiring under the provisions of proposed law shall be converted to retirement credit and no payment shall be made for any unused leave by any state agency except LASERS. Proposed law would further provide that the individual may choose at the time of retirement to receive a lump sum benefit payment from LASERS for up to 300 hours of converted annual leave. Proposed law would provide that the lump-sum benefit payment would be calculated based on the person's rate of pay on the date he left state service and not based on average compensation. Requires the division of administration to certify the leave balance and that no previous payment had been made.

Proposed law would provide for the division of administration to report to the Joint Legislative Committee on the Budget by March 15, 2006, regarding the positions vacated and fiscal savings created by proposed law.

Proposed law would provide that positions within the executive branch of state government which are caused to be vacated by proposed law, directly or indirectly, shall not be filled, except upon approval of the division of administration and in accordance with the rules and regulations of the Civil Service Commission. Proposed law would further provide that before approval by the division of employment of a new person from outside the agency or outside state service, the agency shall attempt to refill the vacancy from within the agency or in cooperation with the Civil Service Commission transfer employees from another agency to refill the vacancy, still subject to approval of the division.

Proposed law additionally would provide that in no case shall any department within the executive branch of state government refill more than 25% of the positions caused to be

vacated by the provisions of proposed law. Proposed law would provide that the division of administration shall make quarterly reports to the Joint Legislative Committee on the Budget on the number of positions which have been filled by the hiring of new employees or by transfer from another agency, and the salaries of those employees.

Proposed law would provide that a person who elects to retire under the provisions of proposed law who is reemployed in a position making him eligible for LASERS shall have his benefit suspended and no supplemental benefit shall be earned while he is so employed. Requires the system to promulgate rules to implement these provisions, including agency reporting of any retirees reemployed.

Proposed law requires the legislature annually to appropriate out of the general fund or any budget surplus an amount equal to 10% of the reduction in general fund expenditures attributable to proposed law to make an additional payment to LASERS for purposes of reducing the unfunded accrued liability that existed on June 30, 1988.

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

(Amends R.S. 11:281(B))