

First Extraordinary Session, 2005

HOUSE BILL NO. 120

BY REPRESENTATIVES SCHNEIDER, ALARIO, ALEXANDER, ARNOLD, BADON, BALDONE, BARROW, BAUDOIN, BAYLOR, BEARD, BOWLER, BRUCE, BRUNEAU, BURRELL, CAZAYOUX, CRANE, CRAVINS, DEWITT, DOERGE, DOVE, DOWNS, DURAND, ERDEY, FANNIN, FAUCHEUX, FRITH, GLOVER, GREENE, E. GUILLORY, M. GUILLORY, HARRIS, HEBERT, HONEY, HOPKINS, HUNTER, HUTTER, JACKSON, JOHNS, KATZ, KENNEY, LABRUZZO, LAFLEUR, LAMBERT, LANCASTER, MARCHAND, MARTINY, MCDONALD, MONTGOMERY, ODINET, PIERRE, PITRE, M. POWELL, QUEZAIRE, RICHMOND, RITCHIE, SALTER, SCALISE, SMILEY, GARY SMITH, JACK SMITH, JANE SMITH, JOHN SMITH, ST. GERMAIN, STRAIN, THOMPSON, TOWNSEND, TRAHAN, TRICHE, WADDELL, WALKER, WHITE, WOOTON, AND WRIGHT AND SENATOR SCHEDLER

1 AN ACT

2 To enact Subpart O of Part II of Chapter 4 of Subtitle I of Title 11 of the Louisiana Revised  
3 Statutes of 1950, to be comprised of R.S. 11:321, relative to Deferred Retirement  
4 Option Plans of public retirement systems in the state; to allow certain plan  
5 participants who have not separated from service to withdraw the monies in their  
6 plan accounts; to provide relative to such monies for income tax purposes; to provide  
7 for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. Subpart O of Part II of Chapter 4 of Subtitle I of Title 11 of the Louisiana  
10 Revised Statutes of 1950, comprised of R.S. 11:321, is hereby enacted to read as follows:

11 SUBPART O. DISASTER RELIEF; ACCESS TO DEFERRED

12 RETIREMENT OPTION PLAN MONIES

13 §321. Withdrawal of funds from Deferred Retirement Option Plan accounts by  
14 active employees

15 A. For purposes of this Subpart, "retirement system" shall mean any public  
16 retirement system in the state.

17 B. Notwithstanding any other provision of law to the contrary, an individual  
18 who is participating or who has participated in the Deferred Retirement Option Plan

1           (DROP) or comparable plan of his retirement system and who is still employed in  
2           a position covered by that system shall be allowed to withdraw up to one hundred  
3           thousand dollars of all or part of the funds in his DROP account under the provisions  
4           of this Subpart.

5           C. Such an individual may withdraw funds from his DROP account provided  
6           all of the following requirements are met:

7           (1) On September 22, 2005, the individual was domiciled in a parish which  
8           has been designated under the Robert T. Stafford Disaster Relief and Emergency  
9           Assistance Act as eligible for individual assistance or individual assistance and  
10          public assistance.

11          (2) The individual sustained an economic loss by reason of Hurricane Rita.

12          (3) The aggregate amount of such distributions from the account does not  
13          exceed one hundred thousand dollars.

14          (4) Any distribution is made on or after September 19, 2005, and on or  
15          before December 31, 2006.

16          D.(1) If, pursuant to this Subpart, an individual receives a qualified  
17          Hurricane Rita distribution, the amount of such distribution shall be included in  
18          income by the retirement system, generally ratable over the year of the distribution  
19          and the following two years, unless the individual elects in writing not to have the  
20          ratable distribution apply for any taxable year.

21          (2) The individual shall be responsible for filing an amended return or  
22          returns to claim a refund of the tax attributable to the amount previously included in  
23          income if the individual so qualifies.

24          (3) Each retirement system shall advise each individual receiving a  
25          Hurricane Rita distribution pursuant to this Subpart of potential state and federal tax  
26          consequences.

27          E. Each retirement system shall promulgate any rules necessary to  
28          implement the provisions of this Subpart.

29          F. The provisions of this Subpart shall supersede any provision of law to the  
30          contrary, including but not limited to R.S. 11:449(C), 450(B), 789(B), 1152(H),

1           1312(J), 1456(I)(2), 1530(J)(2), 1642(B), 1763(J), 1938(J)(2), 2144(I), 2221(J)(1),  
 2           2257(J)(2), 3005.1(J)(1)(c), 3039.1(J)(2), 3200(12), 3232(K), 3294(G),  
 3           3385.1(K)(2), 3551, and 3685(B)(10)(b).

4           Section 2. This Act shall become effective upon signature by the governor or, if not  
 5 signed by the governor, upon expiration of the time for bills to become law without signature  
 6 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 7 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 8 effective on the day following such approval.

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 SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
 PRESIDENT OF THE SENATE

\_\_\_\_\_  
 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_