

CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 18 by Representative Hutter

Digest of Bill as Finally Passed by the House

Abstract: Allows a member of any state or statewide public retirement system on involuntary furlough or leave without pay due to a gubernatorially declared disaster or emergency to purchase credit for the period of furlough or such leave by paying the required employer and employee contributions to the system, subject to certain limitations.

Present law (R.S. 11:163(A)(1)) provides that any member of a state or statewide public retirement system who is involuntarily furloughed without pay due to the temporary closure of his employer shall be entitled to purchase service and salary credit for each day of service that he was furloughed if such service was not credited to his account. Specifies that there shall be no duplication of credit under the provisions of present law.

Proposed law retains present law and additionally includes in such provisions any member who is involuntarily furloughed without pay or placed on leave without pay due to a gubernatorially declared disaster or emergency.

Present law (R.S. 11:163(C)(1)) provides that any purchase of credit pursuant to present law shall be made by paying to the system an amount sufficient to offset any liability to the system, calculated on an actuarial basis in accordance with other provisions of present law (R.S. 11:158).

Proposed law retains present law for members included in present law and proposed law (members involuntarily furloughed or on leave without pay due to a gubernatorially declared disaster or emergency) who purchase credit pursuant to present law.

Proposed law (R.S. 11:163(A)(2)) additionally entitles any member of a state or statewide public retirement system who is involuntarily furloughed without pay or on leave without pay on or after August 29, 2005, due to a gubernatorially declared disaster or emergency to purchase service and salary credit for each day of service during the period beginning on August 29, 2005, and ending on June 30, 2006, that he was furloughed or on such leave if such service was not credited to his account. Prohibits any duplication of credit under the provisions of present law and proposed law.

Proposed law (R.S. 11:163(C)(2)) additionally requires that any member who is involuntarily furloughed without pay or on leave without pay on or after August 29, 2005, as a result of a gubernatorially declared disaster or emergency, who purchases credit pursuant to proposed law (R.S. 11:163(A)(2)) to pay to the system the employee and employer contributions which would be remitted to the system by his employer if not for the involuntary furlough or leave without pay. Requires that such payments be made by the member to the employer who shall remit them to the system. Requires that such payments be made either:

- (1) At the same time as such contributions would be due to the system if paid by the employer. Provides that any such contributions which would have been due before the effective date of proposed law shall be considered timely if received by the system by the date on which contributions for service and salary credit for December 2005 are due.
- (2) In a lump sum payment upon a member's return to work.

Proposed law further provides that, if the member's contributions are delinquent, his delinquent payment shall be treated as though it were a delinquent payment from the employer pursuant to present law (R.S. 11:281), which requires payment of interest on such delinquent contributions.

Proposed law authorizes the board of trustees of each state and statewide retirement system to adopt rules to implement proposed law relative to purchase of credit by payment of employer and employee contributions.

Provides that the provisions of proposed law are remedial, curative, and procedural and are to be applied retroactively as well as prospectively.

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

(Amends R.S. 11:163(A) and (C))

Summary of Amendments Adopted by the Senate

Senate Committee Amendments to the Reengrossed Bill

1. Provides that any service and salary credit purchased pursuant to proposed law may not be used for the purpose of meeting the minimum service requirements for disability retirement.
2. Provides that the contributions for purchase of service and salary credit pursuant to proposed law are based on the rate of compensation in effect for the last full pay period ending on or before August 29, 2005.
3. Provides that the right to purchase service and salary credit pursuant to proposed law shall not apply to routine personnel actions or separations which are not the direct result of a gubernatorially declared disaster or emergency.
4. Provides that any dispute arising under the limitations of proposed law shall be resolved in the sole and exclusive discretion of the board of trustees of the retirement system.
5. Provides that all payment for service purchased pursuant to proposed law shall be remitted to the system on or before December 31, 2006.
6. Provides that the employee may pay the required contributions to his employer or to the system.
7. Provides that any employee who opts to pay the contributions in a lump sum upon his return to work shall make such payment within 30 days; provides, however, that any such lump sum payment shall be remitted to the system on or before December 31, 2006.

Senate Floor Amendments to the Reengrossed Bill

1. 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 Proposed by Conference Committee

Same as bill as finally passed by the House of Representatives, except adds the following provisions:

Provides that any service and salary credit purchased pursuant to proposed law may not be used for the purpose of meeting the minimum service requirements for disability retirement.

Provides that the contributions for purchase of service and salary credit pursuant to proposed law are based on the rate of compensation in effect for the last full pay period ending on or before August 29, 2005.

Provides that the right to purchase service and salary credit pursuant to proposed law shall not apply to routine personnel actions or separations which are not the direct result of a gubernatorially declared disaster or emergency.

Provides that any dispute arising under the limitations of proposed law shall be resolved in the sole and exclusive discretion of the board of trustees of the retirement system.

Provides that all payment for service purchased pursuant to proposed law shall be remitted to the system on or before December 31, 2006.

Provides that the employee may pay the required contributions to his employer or to the system.

Provides that any employee who opts to pay the contributions in a lump sum upon his return to work shall make such payment within 30 days; provides, however, that any such lump sum payment shall be remitted to the system on or before December 31, 2006.

(Conference Committee Report adopts Senate Committee Amendments and rejects Senate Floor Amendments)