
DIGEST

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HB 22 Engrossed

2016 Regular Session

Montoucet

Abstract: Authorizes the Firefighters' Retirement System (FRS) to increase required employer contribution rates in certain circumstances and establishes a funding deposit account within the system for collection of contribution remittances above the actuarially required amount.

Present law (R.S. 11:105 and 107) grants certain statewide retirement systems the authority to increase required employer contribution rates in certain circumstances. Generally, in a year in which the required contribution rate would otherwise decrease, the systems are authorized to (a) hold the rate at the previous year's level or (b) set the contribution rate anywhere between the new lower rate and the previous year's higher rate.

Proposed law retains present law.

Systems with authority to modify employer contribution rates under present law include the Assessors' Retirement Fund, Clerks' of Court Retirement and Relief Fund, Municipal Employees' Retirement System, and the Registrars of Voters Employees' Retirement System. Proposed law would grant FRS the same authority.

Present law (R.S. 11:107.1) establishes a "funding deposit account" in certain statewide systems, such as Assessors', Clerks of Court, Municipal Employees', and Registrars of Voters. Funds collected pursuant to present law in excess of minimum required employer contribution rates are credited to this account and may be used by the board of trustees of the system for the following purposes:

- (1) Reduce system unfunded accrued liabilities.
- (2) Reduce future employer contribution rates.
- (3) Pay cost-of-living adjustments.

Proposed law establishes a funding deposit account within FRS and grants it the same authority as the other systems with such accounts.

Present law (R.S. 11:107.2) grants FRS and the Municipal Police Employees' Retirement System the authority to increase required employer contribution rates in certain circumstances and requires that funds collected in excess of minimum required employer contribution rates shall be applied to one of the following:

- (1) Reduce system initial unfunded accrued liabilities.
- (2) Reduce certain outstanding amortization charges.

Proposed law removes FRS from present law (R.S. 11:107.2).

Effective July 1, 2016.

(Amends R.S. 11:107.1(B)(2) and 107.2(A) and (B)(intro. para.); Adds R.S. 11:105(A)(7), 107(A)(6), and 107.1(A)(6))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Relieve FRS of present law restrictions on its authority to use funds collected in excess of minimum required employer contribution rates to reduce liabilities.
2. Make technical changes.