

2018 Regular Session

HOUSE BILL NO. 33

BY REPRESENTATIVE PEARSON

RETIREMENT/MUNICIPAL EMP: Provides for the payment of unfunded accrued liability by employers eliminating positions covered by the Municipal Employees' Retirement System of Louisiana

1 AN ACT

2 To amend and reenact R.S. 11:1733(F)(1) and (2), relative to participating employers of the
3 Municipal Employees' Retirement System of Louisiana; to provide for payment of
4 unfunded accrued liability attributable to privatizing positions covered by the
5 system; to provide for standards used in calculating unfunded accrued liability; and
6 to provide for related matters.

7 Notice of intention to introduce this Act has been published
8 as provided by Article X, Section 29(C) of the Constitution
9 of Louisiana.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:1733(F)(1) and (2) are hereby amended and reenacted to read as
12 follows:

13 §1733. Agreement for coverage of employees of incorporated cities, towns, and
14 villages

15 * * *

16 F.(1)(a) Notwithstanding any other provision of law, if an employer
17 terminates its agreement for coverage of its employees, the employer shall remit that
18 portion of the unamortized frozen unfunded accrued liability existing on June

1 thirtieth immediately prior to the date of termination which is attributable to the
2 employer's participation in the system.

3 **(b) Notwithstanding any other provision of law, if an employer eliminates**
4 **an employee position or class of positions covered by this system by contracting with**
5 **a private entity for the work formerly done by employees in eliminated positions, the**
6 **employer shall remit that portion of the unamortized frozen unfunded accrued**
7 **liability existing on June thirtieth immediately prior to the date of privatization**
8 **which is attributable to the eliminated position or class of positions.**

9 (2) The amount due shall be determined by the actuary employed by the
10 system using applicable actuarial standards of practice and shall either be paid in a
11 lump sum or amortized over ten years in equal monthly payments with interest at the
12 system's actuarial valuation rate in the same manner as regular payroll payments to
13 the system, at the option of the employer.

14 * * *

15 Section 2. This Act shall become effective on July 1, 2018; if vetoed by the governor
16 and subsequently approved by the legislature, this Act shall become effective on July 1,
17 2018, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 33 Engrossed 2018 Regular Session Pearson

Abstract: To require participating employers to pay the unfunded accrued liability attributable to privatization of positions otherwise covered by the Municipal Employees' Retirement System of Louisiana (MERS) and to provide for use of applicable actuarial standards of practice.

Present law requires each incorporated city, town, or village seeking participation in MERS to submit an agreement of coverage for extending benefits to its employees. Present law requires that if the employer terminates the agreement of coverage, the employer shall remit the portion of the unamortized frozen unfunded accrued liability existing on June 30th immediately prior to the date of termination which is attributable to the employer's participation in the system. Requires that the amount due shall be determined by the actuary employed by the system and shall either be paid in a lump sum or amortized over 10 years in equal monthly payments with interest at the system's actuarial valuation rate in the same

CODING: Words in struck through type are deletions from existing law; words underscored are additions.

manner as regular payroll payments to the system, at the option of the employer. Proposed law requires that the actuary use applicable actuarial standards of practice in calculating the amount due.

Proposed law further requires that if an employer eliminates an employee position or class of positions by contracting with a private entity for the work, the employer shall remit that portion of the unamortized frozen unfunded accrued liability existing on June 30th immediately prior to the date of privatization which is attributable to the eliminated position or class of positions. The portion of the unfunded accrued liability shall be calculated and paid as provided by present law.

Effective July 1, 2018.

(Amends R.S. 11:1733(F)(1) and (2))