
DIGEST

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HB 33 Reengrossed

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 the entry age normal funding method to calculate the amount owed.

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 manner as regular payroll payments to the system, at the option of the employer. Proposed law requires that the actuary use the entry age normal funding method to calculate the amount owed and provides that the employer is responsible for the total existing unfunded accrued liability attributable to the employer.

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 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 and proposed law.

Effective July 1, 2018.

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

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Applicable to present law and proposed law, require the employer to pay its portion of the total unfunded accrued liability, not just the unamortized frozen accrued liability.

2. Applicable to present law and proposed law, require the system actuary to use the entry age normal funding method to calculate the unfunded accrued liability owed by the employer.