2020 Regular Session

HOUSE BILL NO. 19

#### BY REPRESENTATIVE BACALA

RETIREMENT/MUNICIPAL POL: Establishes a funding deposit account for the Municipal Police Employees' Retirement System and authorizes the board of trustees of the system to modify required employer contribution rates

1	AN ACT
2	To enact R.S. 11:105(A)(8), 106(A)(5), 107(A)(7), 107.1(A)(7) and (D)(5), and 246(C) and
3	to repeal R.S. 11:107.2 and 2225(A)(7), relative to the Municipal Police Employees'
4	Retirement System; to provide relative to the authority of the board of trustees of the
5	system to modify employer contribution rates in certain circumstances; to establish
6	a funding deposit account within the system; to provide relative to cost-of-living
7	adjustments; and to provide for related matters.
8	Notice of intention to introduce this Act has been published
9	as provided by Article X, Section 29(C) of the Constitution
10	of Louisiana.
11	Be it enacted by the Legislature of Louisiana:
12	Section 1. R.S. 11:105(A)(8), 106(A)(5), 107(A)(7), 107.1(A)(7) and (D)(5), and
13	246(C) are hereby enacted to read as follows:
14	§105. Employer contributions; maintaining rates
15	A. The provisions of this Section shall apply to the following statewide
16	public retirement systems or funds, hereinafter referred to in this Section as
17	"systems":
18	* * *

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

1	(8) The Municipal Police Employees' Retirement System.
2	* * *
3	§106. Additional employer contributions; increasing rates
4	A. The provisions of this Section shall apply to the following statewide
5	public retirement systems or funds:
6	* * *
7	(5) The Municipal Police Employees' Retirement System.
8	* * *
9	§107. Additional employer contributions; reducing rate decreases
10	A. The provisions of this Section shall apply to the following statewide
11	public retirement systems or funds:
12	* * *
13	(7) The Municipal Police Employees' Retirement System.
14	* * *
15	§107.1. Funding deposit account
16	A. The provisions of this Section shall apply to the following statewide
17	public retirement systems or funds, hereinafter referred to in this Section as
18	"systems":
19	* * *
20	(7) The Municipal Police Employees' Retirement System.
21	* * *
22	D. Notwithstanding any provisions of law to the contrary, the board of
23	trustees of each system may in any fiscal year direct that funds from the account be
24	charged for the following purposes:
25	* * *
26	(5) Notwithstanding other provisions of this Subsection, the Municipal
27	Police Employees' Retirement System shall direct that funds from this account be
28	charged solely for the purpose provided by Paragraph (4) of this Subsection.
29	* * *

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1	§246. Additional cost-of-living adjustments; retirees and beneficiaries over age
2	sixty-five
3	* * *
4	C. Notwithstanding any provision of law to the contrary, the board of
5	trustees of the Municipal Police Employees' Retirement System shall provide the
6	first cost-of-living increase provided after June 30, 2020, from interest income from
7	investments as set forth in Subsection B of this Section. Thereafter, all cost-of-living
8	adjustments shall be provided only from the funding deposit account.
9	Section 2. R.S. 11:107.2 and R.S. 11:2225(A)(7) are hereby repealed in their
10	entirety.
11	Section 3. This Act shall become effective on June 30, 2020; if vetoed by the
12	governor and subsequently approved by the legislature, this Act shall become effective on
13	June 30, 2020, 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 19 Original	2020 Regular Session	Bacala
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Abstract: Authorizes the Municipal Police Employees' Retirement System (MPERS) 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.

<u>Present law</u> provides for employer contribution rates within MPERS. Provides that in any fiscal year during which the recommended employer contribution rate would otherwise be decreased, the board of trustees may either maintain the previous fiscal year's employer contribution rate or set the employer contribution rate at any point between the previous year's rate and the recommended rate.

<u>Present law</u> further provides that any excess funds resulting from the board's exercise of its authority shall be combined with any contribution surplus, or offset by any contribution shortfall, and the resulting balance, if greater than zero, shall be applied for the following purposes:

- (1) To reduce system unfunded accrued liabilities.
- (2) To reduce the outstanding amortization charge base or bases.

<u>Proposed law</u> retains <u>present law</u> and provides that excess funds, after compliance with <u>present law</u>, shall be applied to a contribution surplus base or to reduction of the present value of future normal costs.

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<u>Present law</u> provides a formula for determining the required employer contribution rates for the statewide retirement systems. <u>Present law</u> grants certain statewide retirement systems the authority to increase required employer contribution rates up to 3% more than the rate determined under <u>present law</u>. <u>Proposed law</u> grants MPERS the same authority.

<u>Present law</u> (R.S. 11:107.1) establishes a "funding deposit account" in certain statewide systems. Funds collected pursuant to <u>present law</u> 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.

<u>Proposed law</u> establishes a funding deposit account within MPERS and further provides that the system may only provide for cost-of-living adjustments from the funding deposit account.

<u>Present law</u> provides that MPERS may provide a supplemental cost-of-living adjustment from interest income from investments to all retirees and beneficiaries who are 65 years of age or over provided certain requirements are met. <u>Proposed law</u> provides that after June 30, 2020, the first of such cost-of-living increase may be funded under <u>present law</u>, and any such cost-of-living increase thereafter may only be funded through the funding deposit account.

Effective June 30, 2020.

(Adds R.S. 11:105(A)(8), 106(A)(5), 107(A)(7), 107.1(A)(7) and (D)(5), and 246(C); Repeals R.S. 11:107.2 and 2225(A)(7))