

2024 Regular Session

HOUSE BILL NO. 43

BY REPRESENTATIVE BACALA

RETIREMENT/MUNICIPAL POL: Provides relative to contributions to and the administration of the Municipal Police Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:2214(A)(2)(a) and (d)(ii), 2225(A)(3)(a), 2225.4(A)(1),  
3 (B)(1), and (C)(1), and 2227(A) and (B)(1)(introductory paragraph) and to enact R.S.  
4 11:2227(J)(3),(K) and (L), relative to the Municipal Police Employees' Retirement  
5 System; to require employers to submit various member enrollment documents and  
6 contribution reports to the system; to provide deadlines and related penalties; to  
7 provide relative to the system's board of trustees; to provide relative to unfunded  
8 accrued liability payments by municipalities that dissolve or substantially reduce  
9 their police departments; to provide for an effective date; and to provide for related  
10 matters.

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

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. R.S. 11:2214(A)(2)(a) and (d)(ii), 2225(A)(3)(a), 2225.4(A)(1), (B)(1),  
16 and (C)(1), and 2227(A) and (B)(1)(introductory paragraph) are hereby amended and  
17 reenacted and R.S. 11:2227(J)(3),(K), and (L) are hereby enacted to read as follows:

18 §2214. Membership

19 A. The membership of the retirement system shall be composed as follows:

20 (1) All persons who are members on September 7, 1977, shall remain  
21 members as a condition of their employment.

1           (2)(a)(i) Except as provided further in this Paragraph, any person who  
 2 becomes an employee as defined in R.S. 11:2213 on and after September 9, 1977,  
 3 shall become a member as a condition of his employment. However, a person who  
 4 becomes an employee before July 1, 2021, shall become a member only if he is  
 5 under fifty years of age at the date of employment.

6           (ii) An employer shall submit to the retirement system for each member it  
 7 employs a fully completed membership enrollment form, a copy of the birth  
 8 certificate and Social Security card for each member and his beneficiaries and a fully  
 9 completed physical examination form pursuant to Subparagraph (d) of this Paragraph  
 10 by the later of ninety days after the member became eligible for membership or  
 11 October 1, 2024. An employer that fails to provide the documents specified in this  
 12 Item shall pay the retirement system a fine of twenty dollars per day per member  
 13 whose documents have not been submitted, subject to a maximum of two thousand  
 14 dollars per each such member. The fine shall be paid no later than the fifteenth day  
 15 of the month following the month in which the deadline occurred. Once the penalty  
 16 reaches the maximum penalty amount, payments shall also include interest at the  
 17 system's valuation interest rate. Payments shall be paid in the same manner as  
 18 regular payroll payments to the system. No retiree or beneficiary shall receive  
 19 benefits if the documents required by this Item pertaining to the retiree or beneficiary  
 20 are not submitted to the system and all fines owed to the retirement system that are  
 21 attributable to failure of the employer to timely submit the retiree's or beneficiary's  
 22 documents are paid.

23           (iii) Except as provided in R.S. 11:157(C)(1)(c), if a member submits  
 24 affidavits pursuant to R.S. 11:157 opting out of membership, such affidavit shall not  
 25 be effective until the date that all documents specified in Item (ii) of this  
 26 Subparagraph and pertaining to the member are provided to the retirement system  
 27 and any applicable fines and interest owed for such membership have been paid by  
 28 the employer to the retirement system.

\* \* \*

1 (d)

2 \* \* \*

3 (ii) The submission to a physical examination and the execution of any  
4 waivers of preexisting conditions or history shall be completed and all  
5 documentation related thereto received by the system ~~within six months after the~~  
6 ~~date of employment~~ by the deadline provided in Item (a)(ii) of this Paragraph. The  
7 employee is then a member of the system from the date of employment. If the  
8 documentation for an employee whose employment making him eligible for  
9 membership in the system occurs on or before June 30, 2021, is not received by the  
10 system within the allotted time period, the employee shall be a member for purposes  
11 of receiving regular benefits from the date of employment but shall not be eligible  
12 for disability benefits until the documentation has been received by the system  
13 except as provided in Item (iii) of this Subparagraph. If the system does not receive  
14 the documentation within the allotted time period for an employee whose  
15 employment making him eligible for membership in the system occurred after June  
16 30, 2021, the employee shall be a member eligible to begin vesting for regular  
17 benefits from the date of employment but shall not be eligible to begin vesting for  
18 disability benefits for an injury not incurred in the line of duty until the  
19 documentation is received.

20 \* \* \*

21 §2225. Administration

22 A.

23 \* \* \*

24 (3)(a) If a vacancy occurs in the office of a trustee, the vacancy shall be  
25 filled for the unexpired term in the same manner as the office was previously filled.  
26 If a member of the board of trustees elects to participate in the deferred retirement  
27 option plan he shall continue to serve as a member of the board of trustees until the  
28 expiration of the term for which he was elected or until his employment terminates,  
29 whichever occurs first. If an elected member of the board of trustees with no more

1 than two years left in his term becomes a retiree of the system, he may continue to  
 2 serve as a member of the board of trustees until the expiration of the term for which  
 3 he was elected. If a member of the board of trustees serving in a Chiefs District I or  
 4 Chiefs District II position with no more than two years left in his term ceases to be  
 5 a chief of police but remains a member of the system, he may continue to serve as  
 6 a member of the board of trustees until the expiration of the term for which he was  
 7 elected. All members of the board of trustees elected to terms beginning on or after  
 8 November 2, 1987, shall be employees of the district from which they are elected  
 9 and shall be elected under rules of the board of trustees by the members employed  
 10 in that district. Every active member shall be eligible to vote for the chief and  
 11 nonchief positions on the board of trustees in the districts which include the parish  
 12 of their employment.

\* \* \*

14 §2225.4. Unfunded accrued liability; payment by employer

15 A.(1) If ~~any an~~ an employer ~~participating in the system~~ fully dissolves its police  
 16 department ~~and contracts for police services with another entity~~, the employer shall  
 17 remit to the system, beginning the July first immediately following the date of  
 18 dissolution, that portion of the unfunded accrued liability existing on the June  
 19 thirtieth immediately prior to the date of dissolution of the police department,  
 20 attributable to such employer and calculated using the allocation percentage included  
 21 in the prior fiscal year's employer pension report produced according to requirements  
 22 established by the Governmental Accounting Standards Board. The amount due  
 23 pursuant to the provisions of this Paragraph shall include interest at the system's  
 24 valuation interest rate.

\* \* \*

26 B.(1) Any amount due pursuant to Subsection A of this Section shall be  
 27 determined by the actuary employed by the system and shall be amortized over  
 28 fifteen years in equal monthly payments with interest at the system's valuation  
 29 interest rate. ~~Payments~~ Such payments ~~for withdrawals that occur on or after July 1,~~

1           2018; shall be payable to the system electronically beginning July first of the second  
 2           fiscal year following the determination by the actuary and in the same manner as  
 3           regular payroll payments to the system. ~~Beginning July first of the fiscal year~~  
 4           ~~following the withdrawal, interest shall accrue at the system's actuarial valuation~~  
 5           ~~rate, compounded annually.~~ A penalty of twenty-five percent of the aggregate  
 6           monthly payments shall be assessed for any delinquent amounts due or remaining  
 7           due after June 30, 2024, pursuant to this Section. An employer that failed to transmit  
 8           the required amounts due in a timely manner shall also reimburse the system any  
 9           legal and actuarial fees paid by the system in the collection of amounts pursuant to  
 10          this Section attributable to amounts unpaid or remaining unpaid after June 30, 2024.

11    \*           \*           \*

12                            C.(1) If an employer fails to make a payment timely, the amount due shall  
 13                            be collected in any of the following manners:

14                            (a) By action in ~~a court of competent jurisdiction~~ the Nineteenth Judicial  
 15                            Court of Louisiana against the delinquent employer. The amount due shall include  
 16                            interest calculated at the system's actuarial valuation rate, compounded annually.  
 17                            The employer shall also be liable for any legal and actuarial fees incurred by the  
 18                            system in the collection of amounts pursuant to this Section.

19                            (b) The ~~board~~ system's executive director may certify to the state treasurer  
 20                            all amounts attributable to the delinquent employer. In support of such certification,  
 21                            the ~~board~~ executive director shall ~~submit~~ certify to the treasurer ~~a resolution~~  
 22                            ~~certifying~~ the name of the delinquent employer, its failure to pay, and the amount  
 23                            owed and ~~shall name a designee or designees to act on the board's behalf.~~ Upon  
 24                            receipt of such certification, the treasurer shall deduct from monies payable to the  
 25                            certified delinquent party the certified amount due and shall remit such deducted  
 26                            amounts directly to the Municipal Police Employees' Retirement System.

27    \*           \*           \*

28                            §2227. Method of financing

29                            A.(1) All of the assets of the retirement system shall be credited according  
 30                            to the purpose for which they are held to one of five funds, namely, the Annuity

1 Savings Fund, the Annuity Reserve Fund, the Pension Accumulation Fund, the  
2 Expense Fund, and the deferred retirement option plan account.

3 (2)(a) Each mandatory reporter shall electronically submit a contributions  
4 report to the retirement system no later than the fifteenth day of each month. Each  
5 mandatory reporter shall report the amount of earnable compensation per employee  
6 and shall separately report state supplemental pay and the amount of compensation  
7 paid for overtime. The report shall include other information prescribed by the board  
8 of trustees. A mandatory reporter that did not employ any eligible employees during  
9 the previous month shall submit a contributions report certifying that fact to the  
10 system.

11 (b) If a mandatory reporter submits a contributions report that is in error as  
12 to the earnable compensation of any member, such an error results in an  
13 overpayment of benefits by the system, and the system is unable to recover through  
14 reduction of the member's benefits, the mandatory reporter is liable to the system for  
15 the amount of overpayment and shall reimburse the system for the full amount of all  
16 such overpayments within thirty days after notification of the discovery of the error  
17 or overpayment.

18 (c) Beginning with the monthly contributions report due on August 15, 2025,  
19 a mandatory reporter that does not submit a monthly contributions report shall pay  
20 one hundred dollars per day for each day that the compensation report is delinquent.  
21 The maximum penalty per monthly reporting period is two thousand dollars. Once  
22 the penalty meets the maximum penalty amount, payments required by this  
23 Subparagraph shall also include interest at the system's valuation interest rate and  
24 shall be paid in the same manner as regular payroll payments to the system.

25 (d) For purposes of this Paragraph, "mandatory reporter" means any  
26 municipality that, within the previous ten fiscal years, employed any police officer  
27 or chief of police, regardless of whether such person met the definition of employee.

28 B. Annuity savings fund: The annuity savings fund shall be the fund in  
29 which shall be accumulated contributions from the compensation of members to

1 provide for their annuities. Contributions to the annuity savings fund shall be made  
2 as follows:

3 (1) Each municipality shall make deductions from any salary or wages  
4 excluding overtime paid by them to any member of this system in accordance with  
5 the provisions of R.S. 11:62(6) on the earnable compensation paid him in each and  
6 every payroll. ~~All employers shall report separately the amount of compensation  
7 paid for overtime on their monthly contribution reports.~~

8 \* \* \*

9 J.

10 \* \* \*

11 (3) For amounts that became delinquent on or before June 30, 2024, the  
12 board of trustees may approve a payment plan for a term of up to fifteen years for the  
13 delinquent amount together with interest charged at the legal rate from the date the  
14 payment was due, provided the employer enrolled all eligible employees on or before  
15 June 30, 2024, and timely enrolls all eligible employees thereafter, complies with  
16 mandatory reporting and enrollment laws, pays contributions as the amounts become  
17 due for current employees, and pays all amounts due under this Section not later than  
18 the first day benefits become payable to any employee, beneficiary, or survivor.

19 K.(1) The board shall not collect any amounts due under this Section that are  
20 owed by any employer that enrolled all eligible employees on or before June 30,  
21 2024, if such amounts are related to a former employee who was not timely enrolled  
22 or not enrolled while employed and first became due before June 30, 2021.

23 (2) Except as provided in Paragraph (1) of this Subsection, claims for  
24 amounts due under this Section arising on or after July 1, 2024, shall never prescribe.

25 L. Any employer who fails to properly enroll in the system a person meeting  
26 the definition of employee under R.S. 11:2213(11)(a)(iii) is also subject to a penalty  
27 of fifty dollars for each day that the employee is not enrolled. Such penalty shall be  
28 paid by the employer no later than the fifteenth day of the month following the  
29 month in which the employee is enrolled in the system.

1 Section 2. This Act shall become effective on July 1, 2024; if vetoed by the governor  
2 and subsequently approved by the legislature, this Act shall become effective on July 1,  
3 2024, 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 43 Engrossed

2024 Regular Session

Bacala

**Abstract:** Provides relative to the Municipal Police Employees' Retirement System (MPERS) including provisions for: UAL payments by municipalities that dissolve or substantially reduce their police departments; deadlines for submission of member information and reports; penalties for failing to timely submit information or reports; and service on the MPERS board of trustees.

Proposed law requires MPERS employers to submit to the retirement system a fully completed membership enrollment form, a copy of the birth certificate and Social Security card for each member it employs and his beneficiaries within 90 days after employment.

Present law requires an employee to have a physical examination and further requires that the examination and the execution of any waivers of preexisting conditions or history be received by the system within six months after employment.

Proposed law changes the deadline for submitting the physical examination to the system to 90 days after employment.

Proposed law provides that an employer that does not submit the required materials within 90 days shall pay a fine of \$20 per day per member whose documents have not be submitted, subject to a maximum of \$2,000 per member. Provides for interest on unpaid amounts. Provides that no retiree or beneficiary shall receive benefits if the documents are not received and fines not paid. Provides that an affidavit opting out of membership in the system, as authorized by present law, is not effective until the date that such documents are provided and fines paid.

Present law provides that the MPERS system is governed by a board of trustees comprised of 15 members. Board membership includes seven active contributing members, four of whom shall be police chiefs and three of whom shall not be chiefs.

Proposed law provides that if such a member of the board with no more than two years left in his term becomes a retiree of the system or is no longer a police chief, he shall continue to serve as a member of the board until the expiration of the term for which he was elected.

Proposed law requires a municipality that employed a police officer or chief within the previous 10 fiscal years to submit reports to the system as follows:

- (1) Reports shall be submitted not later than the 15th day of each month.
- (2) The reports shall include the amount of earnable compensation per employee and shall separately report state supplemental pay and the amount of compensation paid for overtime. The report shall include other information prescribed by the board.



- (3) If a report is in error as to the earnable compensation of any member and such an error results in an overpayment of benefits by the system, the municipality shall reimburse the system for the overpayments within 30 days after notification of the discovery of the error or overpayment.
- (4) The penalty for failing to timely file such reports is \$100 per day, subject to a maximum of \$2,000 per month. Once the penalty meets the maximum, the municipality is also required to pay interest on the penalty.

Present law requires a municipality that dissolves or substantially reduces the size of its police department to make certain unfunded accrued liability payments to MPERS based on the size of the department prior to the reduction.

Proposed law provides for a 25% penalty for unpaid accrued liability payments when a department dissolves or reduces its size. Further provides that the employer shall reimburse the system any legal and actuarial fees associated with collection of the payments.

Present law provides that if an employer fails to transmit employer or employee contributions within five days after their due date, the payment is delinquent. Provides as follows relative to delinquent payments:

- (1) They shall include interest charged at the legal rate and an amount to reimburse the system any legal and actuarial fees.
- (2) Contributions that are delinquent for more than 90 days are subject to a penalty of 25%.
- (3) Any employer who is delinquent for more than 180 days is also liable for an amount equal to the actuarial cost of a purchase of the service credit for which contributions were not timely paid.

Proposed law provides that for contribution amounts that became delinquent on or before June 30, 2024, the board of trustees may approve a payment plan for a term of up to 15 years if the employer:

- (1) Enrolled all eligible employees on or before June 30, 2024.
- (2) Timely enrolls all eligible employees thereafter.
- (3) Complies with mandatory reporting and enrollment laws.
- (4) Pays contributions as the amounts become due for current employees.
- (5) Pays all amounts due under present law not later than the first day benefits become payable to any employee, beneficiary, or survivor.

Proposed law prohibits the board from collecting any amounts due under present law that are owed by any employer that enrolled all eligible employees on or before June 30, 2024, that are related to any former employee who was not timely enrolled or not enrolled while employed, and that first became due before June 30, 2021. Provides that amounts due arising on or after July 1, 2024, never prescribe.

Proposed law provides that an employer that fails to properly enroll an employee is also subject to a penalty of \$50 per day.

Effective July 1, 2024.

(Amends R.S. 11:2214(A)(2)(a) and (d)(ii), 2225(A)(3)(a), 2225.4(A)(1), (B)(1), and (C)(1), and 2227(A) and (B)(1)(intro. para.); Adds R.S. 11:2227(J)(3), (K), and (L))

Summary of Amendments Adopted by House

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

1. Remove proposed law regarding partial dissolution of police departments and the calculation of UAL payment related thereto.
2. Decrease the fine for not providing documents to the retirement system from \$100 per day to \$20 per day.
3. Add a penalty of \$50 per day for a municipality that fails to enroll a member in the system who should have been enrolled.
4. Add a provision for a 15-year payment plan for certain municipalities that have outstanding amounts owed to the system.
5. Add provisions prohibiting the board from collecting certain amounts due and providing that other amounts due never prescribe.