

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), relative to the Municipal Police
4 Employees' Retirement System; to require employers to submit various member
5 enrollment documents and contribution reports to the system; to provide deadlines
6 and related penalties; to provide relative to the system's board of trustees; to provide
7 relative to unfunded accrued liability payments by municipalities that dissolve or
8 substantially reduce their police departments; to provide for an effective date; and
9 to provide for related matters.

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

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 11:2214(A)(2)(a) and (d)(ii), 2225(A)(3)(a), 2225.4(A)(1), (B)(1),
15 and (C)(1), and 2227(A) and (B)(1) are hereby amended and reenacted to read as follows:

16 §2214. Membership

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

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

20 (2)(a)(i) Except as provided further in this Paragraph, any person who
21 becomes an employee as defined in R.S. 11:2213 on and after September 9, 1977,

1 shall become a member as a condition of his employment. However, a person who
2 becomes an employee before July 1, 2021, shall become a member only if he is
3 under fifty years of age at the date of employment.

4 (ii) An employer shall submit to the retirement system for each member it
5 employs a fully completed membership enrollment form, a copy of the birth
6 certificate and Social Security card for each member and his beneficiaries, and a
7 fully completed physical examination form pursuant to Subparagraph (d) of this
8 Paragraph by the later of ninety days after the member became eligible for
9 membership or October 1, 2024.

10 (iii) If a member submits an affidavit pursuant to R.S. 11:157 opting out of
11 membership, such affidavit shall not be effective until the date that all documents
12 specified in Item (ii) of this Subparagraph and pertaining to the member are provided
13 to the retirement system.

14 * * *

15 (d)

16 * * *

17 (ii) The submission to a physical examination and the execution of any
18 waivers of preexisting conditions or history shall be completed and all
19 documentation related thereto received by the system ~~within six months after the~~
20 ~~date of employment~~ by the deadline provided in Item (a)(ii) of this Paragraph. The
21 employee is then a member of the system from the date of employment. If the
22 documentation for an employee whose employment making him eligible for
23 membership in the system occurs on or before June 30, 2021, is not received by the
24 system within the allotted time period, the employee shall be a member for purposes
25 of receiving regular benefits from the date of employment but shall not be eligible
26 for disability benefits until the documentation has been received by the system
27 except as provided in Item (iii) of this Subparagraph. If the system does not receive
28 the documentation within the allotted time period for an employee whose
29 employment making him eligible for membership in the system occurred after June

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

1 30, 2021, the employee shall be a member eligible to begin vesting for regular
2 benefits from the date of employment but shall not be eligible to begin vesting for
3 disability benefits for an injury not incurred in the line of duty until the
4 documentation is received.

5 * * *

6 §2225. Administration

7 A.

8 * * *

9 (3)(a) If a vacancy occurs in the office of a trustee, the vacancy shall be
10 filled for the unexpired term in the same manner as the office was previously filled.
11 If a member of the board of trustees elects to participate in the deferred retirement
12 option plan he shall continue to serve as a member of the board of trustees until the
13 expiration of the term for which he was elected or until his employment terminates,
14 whichever occurs first. If an elected member of the board of trustees with no more
15 than two years left in his term becomes a retiree of the system, he may continue to
16 serve as a member of the board of trustees until the expiration of the term for which
17 he was elected. If a member of the board of trustees serving in a Chiefs District I or
18 Chiefs District II position with no more than two years left in his term ceases to be
19 a chief of police but remains a member of the system, he may continue to serve as
20 a member of the board of trustees until the expiration of the term for which he was
21 elected. All members of the board of trustees elected to terms beginning on or after
22 November 2, 1987, shall be employees of the district from which they are elected
23 and shall be elected under rules of the board of trustees by the members employed
24 in that district. Every active member shall be eligible to vote for the chief and
25 nonchief positions on the board of trustees in the districts which include the parish
26 of their employment.

27 * * *

1 §2225.4. Unfunded accrued liability; payment by employer

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

12 * * *

13 B.(1) Any amount due pursuant to Subsection A of this Section shall be
14 determined by the actuary employed by the system and shall be amortized over
15 fifteen years in equal monthly payments with interest at the system's valuation
16 interest rate. ~~Payments for withdrawals that occur on or after July 1, 2018, Such~~
17 payments shall be payable to the system electronically beginning July first of the
18 second fiscal year following the determination by the actuary and in the same
19 manner as regular payroll payments to the system. Beginning July first of the fiscal
20 year following the withdrawal, interest shall accrue at the system's actuarial
21 valuation rate, compounded annually.

22 * * *

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

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

1 (b) The ~~board~~ system's executive director if authorized by the Board of
2 Trustees may certify to the state treasurer all amounts attributable to the delinquent
3 employer. In support of such certification, the ~~board~~ executive director shall ~~submit~~
4 certify to the treasurer ~~a resolution certifying~~ the name of the delinquent employer,
5 its failure to pay, and the amount owed ~~and shall name a designee or designees to act~~
6 ~~on the board's behalf~~. Upon receipt of such certification, the treasurer shall deduct
7 from monies payable to the certified delinquent party the certified amount due and
8 shall remit such deducted amounts directly to the Municipal Police Employees'
9 Retirement System.

* * *

§2227. Method of financing

12 A.(1) All of the assets of the retirement system shall be credited according
13 to the purpose for which they are held to one of five funds, namely, the Annuity
14 Savings Fund, the Annuity Reserve Fund, the Pension Accumulation Fund, the
15 Expense Fund, and the deferred retirement option plan account.

16 (2)(a) Each mandatory reporter shall electronically submit an annual
17 contributions report to the retirement system no later than June thirtieth. Each
18 mandatory reporter shall report the amount of earnable compensation per employee
19 and shall separately report state supplemental pay and the amount of compensation
20 paid for overtime. The report shall include other information prescribed by the board
21 of trustees. A mandatory reporter that did not employ any eligible employees during
22 the previous month shall submit a contributions report certifying that fact to the
23 system.

24 (b) If a mandatory reporter submits a contributions report that is in error as
25 to the earnable compensation of any member, such an error results in an
26 overpayment of benefits by the system, and the system is unable to recover through
27 reduction of the member's benefits, the mandatory reporter is liable to the system for
28 the amount of overpayment and shall reimburse the system for the full amount of all

1 such overpayments within thirty days after notification of the discovery of the error
2 or overpayment.

3 (c) For purposes of this Paragraph, "mandatory reporter" means any
4 municipality that, within the previous five fiscal years, employed any police officer
5 or chief of police, regardless of whether such person met the definition of employee.

6 B. Annuity savings fund: The annuity savings fund shall be the fund in
7 which shall be accumulated contributions from the compensation of members to
8 provide for their annuities. Contributions to the annuity savings fund shall be made
9 as follows:

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

15 ~~(a)~~ (b) In the event a member begins receiving worker's compensation
16 payments and the municipality reduces the salary being paid by them, the
17 municipality shall deduct contributions from the reduced salary being paid and state
18 supplemental pay in an amount equal to that which would have been deducted had
19 the member not received worker's compensation payments and continued to receive
20 his full salary by the municipality and state supplemental pay, provided the reduced
21 salary is sufficient to cover the full deduction.

22 ~~(b)~~ (c) In the event the reduced salary paid by the municipality is not
23 sufficient to cover the deduction of employee contributions equal to that which
24 would have been deducted had the member not begun receiving worker's
25 compensation payments, the member may elect to pay the deficit to make whole the
26 amount due each and every payroll period directly to the municipality to be
27 forwarded to the retirement system. If the member does not elect to pay the deficit
28 to make whole the amount that would have been deducted had he not begun
29 receiving worker's compensation, that member, for such periods, shall receive

1 service credit for eligibility determination purposes only and not for computation of
2 benefits. Beginning on July 1, 2021, if the member does not pay the deficit to make
3 whole the amount that would have been deducted pursuant to this Section for service
4 each and every pay period, the member shall not receive service credit for the period
5 in which the deficit was not paid.

6 * * *

7 Section 2. This Act shall become effective on July 1, 2024; if vetoed by the governor
8 and subsequently approved by the legislature, this Act shall become effective on July 1,
9 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 Reengrossed

2024 Regular Session

Bacala

Abstract: Provides relative to the Municipal Police Employees' Retirement System (MPERS) including provisions for: deadlines for submission of member information and reports; service on the MPERS board of trustees; and requirements for annual contribution reports.

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.

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 five fiscal years to submit reports to the system as follows:

- (1) Reports shall be submitted annually by June 30.

- (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.

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))

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.

The House Floor Amendments to the engrossed bill:

1. Remove the following fines and penalties:
 - (a) A fine for not providing documents to the retirement system.
 - (b) A penalty for failing to enroll a member.
 - (c) A penalty for failing to submit contribution reports.
2. Make the executive director's authority to certify unpaid amounts from employers to the treasurer in order to recover delinquent payments subject to the approval of the board of trustees.
3. Change frequency of required contribution reports from monthly to annually.
4. Change municipalities subject to the requirement for contribution reports from those that employed a police officer in the previous 10 years to the previous five years.
5. Remove provision for a 15-year payment plan for certain municipalities that have outstanding amounts owed to the system.

6. Remove provision prohibiting the board from collecting certain amounts due and providing that other amounts due never prescribe.