

2026 Regular Session

HOUSE BILL NO. 45

BY REPRESENTATIVES BACALA AND FREEMAN

1 AN ACT

2 To amend and reenact R.S. 11:2213(10), 2221(N), 2225.5(B)(1)(introductory paragraph) and
3 (2) and (C), 2241.5(A), and 2242.5(A) and to enact R.S. 11:2218(K), 2220.1,
4 2221(G)(6), (K)(5), and (O), 2225.5(B)(3) and (4), 2241.5(D), 2242.5(D), and
5 2242.9, relative to the Municipal Police Employees' Retirement System; to provide
6 relative to benefits; to provide for membership in the system; to provide relative to
7 the definition of earnable compensation; to provide for service credit; to provide for
8 survivor benefits for officers killed in the line of duty; to provide relative to the
9 funding deposit account; to provide relative to the Deferred Retirement Option Plan;
10 to provide relative to investment of Deferred Retirement Option Plan accounts; to
11 provide relative to investment earnings on Deferred Retirement Option Plan
12 accounts; to provide relative to the accrual rate for service credit in the hazardous
13 and nonhazardous duty subplans; to provide for the transfer of certain employees
14 from the Louisiana State Employees' Retirement System to the Municipal Police
15 Employees' Retirement System; to provide for an effective date; and to provide for
16 related matters.

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

1 Be it enacted by the Legislature of Louisiana:

2 Section 1. R.S. 11:2213(10), 2221(N), 2225.5(B)(1)(introductory paragraph) and (2)
3 and (C), 2241.5(A), and 2242.5(A) are hereby amended and reenacted and R.S. 11:2218(K),
4 2220.1, 2221(G)(6), (K)(5), and (O), 2225.5(B)(3) and (4), 2241.5(D), 2242.5(D), and
5 2242.9 are hereby enacted to read as follows:

6 §2213. Definitions

7 The following words and phrases, as used in this Chapter, unless a different
8 meaning is plainly required by context, shall have the following meanings:

9 * * *

10 (10)(a) "Earnable compensation" shall mean the full amount of
11 compensation earned by an employee for a given month, including supplemental pay
12 paid by the state of Louisiana, but shall not include overtime.

13 (b) Beginning July 1, 2026, "earnable compensation" shall not include any
14 nonrecurring lump-sum payment or ad hoc bonus, including but not limited to
15 recruitment incentives, hiring or signing bonuses, retention incentives or bonuses,
16 clothing allowance, and any other one-time award not paid as part of the employee's
17 regular recurring salary.

18 (c) For the purpose of calculating retirement benefits, for any nonrecurring
19 lump-sum payment or ad hoc bonus, including but not limited to recruitment
20 incentives, hiring or signing bonuses, retention incentives or bonuses, clothing
21 allowance, and any other one-time award not paid as part of the employee's regular
22 recurring salary made on or after January 1, 2026, and on or before July 1, 2026,
23 such non-recurring lump-sum payments or ad hoc bonuses shall not be used in the
24 calculation of retirement benefits unless the employer and employee contributions
25 for such lump-sum payments or ad hoc bonuses are remitted to the Municipal Police
26 Employees' Retirement System no later than June 30, 2026. Any retirement
27 contributions on such non-recurring lump-sum payments and ad hoc bonuses
28 retained by an employer and not remitted to the retirement system shall be returned
29 to the employee by the employer. If no contributions were received by the employer

1 D. Any retroactive benefits payable pursuant to this Section shall be paid no
2 later than three months after the system determines that the applicant is eligible.

3 * * *

4 §2221. Deferred Retirement Option Plan

5 * * *

6 G.

7 * * *

8 (6) In the case of any conflict between the provisions of this Subsection and
9 Subsection N of this Section, the provisions of Subsection N of this Section shall
10 control.

11 * * *

12 K. The following shall also apply if employment is not terminated at the end
13 of the period of participation:

14 * * *

15 (5)(a) A participant who had twenty-eight or more years of creditable service
16 upon commencement of participation in the plan, who elected a participation period
17 of three years before July 1, 2024, and who thereafter resumed active contributing
18 membership in the system pursuant to Paragraph (1) of this Subsection, may elect
19 upon subsequent retirement to receive the additional retirement benefit payable
20 under Paragraph (3) of this Subsection as an initial benefit plus a reduced monthly
21 retirement allowance equal to the actuarially equivalent amount of his maximum
22 additional retirement benefit.

23 (b) The initial benefit shall not exceed twenty-four payments of the monthly
24 retirement benefit that was being paid into the participant's Deferred Retirement
25 Option Plan account upon termination of participation in the plan.

26 (c) The participant, at his option, shall receive the initial benefit as a lump-
27 sum payment or in an investment account established and administered under this
28 Section.

1 to have knowingly and voluntarily waived any rights or claims under the
 2 Constitution of Louisiana relative to the benefits credited or the interest earned on
 3 amounts credited to the participant's Deferred Retirement Option Plan account,
 4 including any claim to a guaranteed rate of return or to any particular method of
 5 investment or crediting of interest. The waiver provided by this Paragraph shall
 6 apply to all amounts credited to the participant's Deferred Retirement Option Plan
 7 account, whether credited during or after participation in the plan, and regardless of
 8 whether such amounts are retained and invested by the system or transferred
 9 pursuant to law or rules adopted by the board of trustees.

10 O. The board of trustees shall promulgate rules in accordance with the
 11 Administrative Procedure Act to approve any other methods of payment authorized
 12 by but not expressly provided in this Section. Once promulgated, the rules shall be
 13 considered plan provisions for purposes of compliance with requirements of the
 14 Internal Revenue Code and associated regulations.

15 * * *

16 §2225.5. Funding deposit account

17 * * *

18 B.(1) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years
 19 beginning on or after July 1, 2023, and ending on or before June 30, 2028, the board
 20 of trustees may require a net direct contribution rate of up to the following applicable
 21 limit:

22 * * *

23 (2) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years
 24 beginning on or after July 1, 2028, the board of trustees may require a net direct
 25 contribution rate of up to the rate determined under R.S. 11:103 plus the applicable
 26 benefit rate as determined under Subparagraphs (3)(c) and (d) of this Subsection.

27 (3)(a) Effective July 1, 2027, the funding deposit account rate shall be
 28 eighty-five hundredths of one percentage point.

29 (b) For any fiscal year beginning on or after July 1, 2028, in which the rate
 30 determined under R.S. 11:103 decreases, the funding deposit account rate shall

1 increase by one-half of the amount of the decrease in the rate determined under R.S.
2 11:103. Any increase in the funding deposit account rate shall be permanent, and the
3 adjusted funding deposit account rate shall not exceed two and one-half percent.

4 (c) For any fiscal year beginning on or after July 1, 2028, in which the sum
5 of the rate determined under R.S. 11:103 and the funding deposit account rate
6 determined pursuant to Subparagraph (b) of this Paragraph does not exceed twenty-
7 nine and thirty-five hundredths percent, the applicable benefit rate shall be equal to
8 the funding deposit account rate determined pursuant to Subparagraph (b) of this
9 Paragraph.

10 (d) For any fiscal year beginning on or after July 1, 2028, in which the sum
11 of the rate determined under R.S. 11:103 and the funding deposit account rate
12 determined pursuant to Subparagraph (b) of this Paragraph exceeds twenty-nine and
13 thirty-five hundredths percent, the applicable benefit rate shall be equal to eighty-
14 five hundredths of one percentage point or the difference between twenty-nine and
15 thirty-five hundredths percent and the rate determined under R.S. 11:103, whichever
16 is greater.

17 (4)(a) For any fiscal year ending on or before June 30, 2028, in which the
18 board of trustees sets the direct employer contribution rate higher than the rate
19 determined under R.S. 11:103, excess contributions resulting from the higher rate
20 shall be used as provided in Paragraph (C)(1) of this Section or transferred to the
21 account as provided in Paragraph (C)(2) of this Section.

22 (b) For any fiscal year, beginning on or after July 1, 2028, in which the board
23 of trustees sets the direct employer contribution rate higher than the rate determined
24 under R.S. 11:103, excess contributions resulting from the higher rate shall be
25 credited to the account to be used solely to pay additional benefits to retirees,
26 survivors, and beneficiaries.

27 C.(1) Except as provided in Paragraph (2) of this Subsection, any excess
28 contributions for any fiscal year ending on or before June 30, 2028, resulting from
29 the board's exercise of its authority pursuant to Paragraph (B)(1) of this Section shall
30 be applied, until exhausted, exclusively to reduce the outstanding balance of the

1 oldest positive amortization base; however, the future payments for such
2 amortization base shall continue to be made according to the original amortization
3 schedule established in compliance with the requirements of Article X, Section
4 29(E)(3) of the Constitution of Louisiana and R.S. 11:103 until the outstanding
5 balance is fully liquidated.

6 (2) ~~The~~ For any fiscal year ending on or before June 30, 2028, the board of
7 trustees may dedicate a specific amount of excess contributions, up to the amount
8 generated by setting the rate equal to eighty-five hundredths of one percentage point
9 more than the rate determined under R.S. 11:103, to be used solely to pay additional
10 benefits to retirees, survivors, and beneficiaries. The dedicated amount of funds
11 shall be credited to the account.

12 * * *

13 §2241.5. Retirement benefit calculation

14 A. Except as provided in Subsection B of this Section, a member shall
15 receive a retirement benefit equal to three percent of average final compensation for
16 every year of creditable service in this subplan credited before to January 1, 2027,
17 and three and one-third percent of average final compensation for every year of
18 creditable service in this subplan credited on or after January 1, 2027, not to exceed
19 one hundred percent of the member's average final compensation. Notwithstanding
20 this provision, a member who retires with thirty or more years of creditable service
21 shall receive a retirement benefit equal to three and one-third percent of the
22 member's average final compensation for every year of creditable service in this
23 subplan, not to exceed one hundred percent of the member's average final
24 compensation.

25 * * *

26 D.(1) Notwithstanding any provision of law to the contrary, a member of this
27 subplan may elect to purchase an increase in the accrual rate applicable to any period
28 of creditable service in this subplan that was credited at the rate of three percent of
29 the average final compensation, so that such service is subject to the rate of three and
30 one-third percent of the average final compensation.

1 by the member and shall not be paid, directly or indirectly, by the employer or the
2 system.

3 * * *

4 §2242.9. Certain employees previously electing membership in the Louisiana State
5 Employees' Retirement System

6 A. Any person who made an election pursuant to R.S. 11:160 to remain a
7 member of the Louisiana State Employees' Retirement System and who on
8 December 31, 2026, is employed in a position that would otherwise qualify him to
9 be a member of the Municipal Police Employees' Retirement System shall,
10 beginning January 1, 2027, become a member of the Municipal Police Employees'
11 Retirement System.

12 B. All service in the Louisiana State Employees' Retirement System of a
13 person subject to the provisions of Subsection A of this Section shall be transferred
14 in accordance with R.S. 11:143(C), and upon receipt of the amount required pursuant
15 to R.S. 11:143(C), the member shall receive his service credit.

16 C. All service credit transferred pursuant to this Section shall be deemed
17 creditable service in the Municipal Police Employees' Retirement System for
18 purposes of benefit computation and eligibility.

19 Section 2. There shall exist no right or claim for reimbursement against the
20 Municipal Police Employees' Retirement System or against any employer or municipality
21 for any amounts deducted, paid, or otherwise payable, on or before the effective date of this
22 Act, from the earnable compensation of a member of the system from any nonrecurring
23 lump-sum payment or ad hoc bonus, including but not limited to recruitment incentives,
24 hiring or signing bonuses, retention incentives or bonuses, clothing allowance, and any other
25 one-time award not paid as part of the employee's regular recurring salary. To the maximum
26 extent permitted by law, the system and any employer or municipality shall be immune from
27 suit or other financial liability from the payment of any nonrecurring lump-sum payment or
28 ad hoc bonus without the deductions on earnable compensation pursuant to R.S.
29 11:2227(B)(1)(a).

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

1 Section 3. This Act shall become effective upon signature by the governor or, if not
2 signed by the governor, upon expiration of the time for bills to become law without signature
3 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
4 vetoed by the governor and subsequently approved by the legislature, this Act shall become
5 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____