CONFERENCE COMMITTEE REPORT

HB 42 **2015 Regular Session** **Jones**

June 11, 2015

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 42 by Representative Jones, recommend the following concerning the Reengrossed bill:

1. That the set of Senate Committee Amendments proposed by the Senate Committee on Finance and adopted by the Senate on June 6, 2015, be rejected.

2. That the set of Senate Floor bureau note amendments proposed by Senator Guillory and labeled "SFBNHB42 GUILLOTJ 3631" and adopted by the Senate on June 8, 2015, be rejected.

3. That Amendment Nos. 1 and 2 in the set of Senate Floor bureau note amendments proposed by Senator Guillory and labeled "SFBNHB42 GUILLOTJ 3656", be rejected.

4. That Amendment Nos. 3 through 6 in the set of Senate Floor bureau note amendments proposed by Senator Guillory and labeled "SFBNHB42 GUILLOTJ 3656", be adopted.

5. That the set of Senate Floor amendments proposed by Senator Peacock and adopted by the Senate on June 8, 2015, be rejected.

6. That Amendment Nos. 2, 9, 11, 12, 13, and 16 through 20 proposed by the Senate Committee on Retirement and adopted by the Senate on June 2, 2015, be adopted.

7. That Amendment Nos. 1, 3 through 8, 10, 14, and 15 proposed by the Senate Committee on Retirement and adopted by the Senate on June 2, 2015, be rejected.

8. That the following amendments to the Reengrossed bill be adopted:

AMENDMENT NO. 1

On page 1, line 2, after "To" delete the remainder of the line and insert "amend and reenact R.S. 11:102(B)(3)(d)(v)(aa)(II), (bb), and (cc), (vi)(aa)(II), (bb)(II), and (cc), (vii)(aa)(II), (bb), and (cc), and (viii)(aa)(II), (bb)(II), and (cc), 102.1(B)(4)(b) and (5) and (C)(4)(b) and (5), 102.2(B)(4)(b) and (C)(4)(b) and (5), 542(A)(2)(introductory paragraph) and (B)(introductory paragraph), 883.1(A)(2)(introductory paragraph) and (B)(introductory paragraph), 1145.1(A)(1)(introductory paragraph) and (B)(introductory paragraph), and 1332(A)(1)(introductory paragraph) and (B)(introductory paragraph) and to enact R.S. 11:102.1(B)(7) and (C)(7), 102.2(B)(6) and (C)(7), 542(H), 542.2, 883.1(I), 883.4, 1145.1(G), 1145.3, 1331.2, and 1332(H), to authorize payments funded by state"

AMENDMENT NO. 2

On page 1, delete line 10 and insert "Section 1. R.S. 11:542(A)(2)(introductory paragraph) and (B)(introductory paragraph), 883.1(A)(2)(introductory paragraph) and (B)(introductory paragraph), 1145.1(A)(1)(introductory paragraph) and (B)(introductory paragraph), and 1332(A)(1)(introductory paragraph) and (B)(introductory paragraph) are hereby amended and reenacted and R.S. 11:542(H), 542.2, 883.1(I), 883.4, 1145.1(G), 1145.3, 1331.2, and 1332(H) are hereby enacted to read as"

AMENDMENT NO. 3

On page 1, between lines 11 and 12, insert the following:

"§542. Experience Account

A.

* * *

(2) ~~The~~ In accordance with the provisions of Subsection H of this Section, the experience account shall be credited as follows:

* * *

B. ~~The~~ In accordance with the provisions of Subsection H of this Section, the experience account shall be debited as follows:

* * *

H.(1) Beginning with the June 30, 2015 valuation, debits and credits to the account shall occur in the following order:

(a) Credits in Subparagraph(A)(2)(b) of this Section, as limited by Paragraph (A)(3) of this Section.

(b) Debits in Paragraph (B)(1) of this Section.

(c) Credits in Subparagraph (A)(2)(a) of this Section, as limited by Paragraph (A)(3) of this Section.

(d) Debits in Paragraph (B)(2) of this Section.

(2) Notwithstanding any provision of Paragraph (1) of this Subsection to the contrary, for the June 30, 2015 valuation no credits may be made to the account pursuant to Subparagraph (A)(2)(a) of this Section.

* * *"

AMENDMENT NO. 4

On page 2, between lines 23 and 24, insert the following:

"§883.1. Experience account

A.

* * *

(2) ~~The~~ In accordance with the provisions of Subsection I of this Section, the experience account shall be credited as follows:

* * *

B. ~~The~~ In accordance with the provisions of Subsection I of this Section, the experience account shall be debited as follows:

* * *

I. (1) Beginning with the June 30, 2015 valuation, debits and credits to the account shall occur in the following order:

(a) Credits in Subparagraph(A)(2)(b) of this Section, as limited by Paragraph (A)(3) of this Section.

(b) Debits in Paragraph (B)(1) of this Section.

(c) Credits in Subparagraph (A)(2)(a) of this Section, as limited by Paragraph (A)(3) of this Section.

(d) Debits in Paragraph (B)(2) of this Section.

(2) Notwithstanding any provision of Paragraph (1) of this Subsection to the contrary, for the June 30, 2015 valuation no credits may be made to the account pursuant to Subparagraph (A)(2)(a) of this Section.

* * *"

AMENDMENT NO. 5

On page 3, between lines 19 and 20, insert:

"§1145.1. Employee Experience Account

A.(1) ~~The~~ In accordance with the provisions of Subsection G of this Section, the Employee Experience Account shall be credited as follows:

*   *   *

B. ~~The~~ In accordance with the provisions of Subsection G of this Section, the Employee Experience Account shall be debited as follows:

*   *   *

G.(1) Beginning with the June 30, 2015 valuation, debits and credits to the account shall occur in the following order:

(a) Credits in Subparagraph(A)(1)(b) of this Section, as limited by Paragraph (A)(2) of this Section.

(b) Debits in Paragraph (B)(1) of this Section.

(c) Credits in Subparagraph (A)(1)(a) of this Section, as limited by Paragraph (A)(2) of this Section.

(d) Debits in Paragraph (B)(2) of this Section.

(2)Notwithstanding any provision of Paragraph (1) of this Subsection to the contrary, for the June 30, 2015 valuation no credits may be made to the account pursuant to Subparagraph (A)(1)(a) of this Section.

*   *   *"

AMENDMENT NO. 6

On page 5, between lines 12 and 13 insert the following:

"§1332. Employee Experience Account

A.(1) ~~The~~ In accordance with the provisions of Subsection H of this Section, the Employee Experience Account shall be credited as follows:

*   *   *

B. ~~The~~ In accordance with the provisions of Subsection H of this Section, the Employee Experience Account shall be debited as follows:

*   *   *

H.(1) Beginning with the June 30, 2015 valuation, debits and credits to the account shall occur in the following order:

(a) Credits in Subparagraph(A)(1)(b) of this Section, as limited by Paragraph (A)(2) of this Section

(b) Debits in Paragraph (B)(1) of this Section.

(c) Credits in Subparagraph (A)(1)(a) of this Section, as limited by Paragraph (A)(2) of this Section.

(d) Debits in Paragraph (B)(2) of this Section.

(2) Notwithstanding any provision of Paragraph (1) of this Subsection to the contrary, for the June 30, 2015 valuation no credits may be made to the account pursuant to Subparagraph (A)(1)(a) of this Section.

Section 2. R.S. 11:102(B)(3)(d)(v)(aa)(II), (bb), and (cc), (vi)(aa)(II), (bb)(II), and (cc), (vii)(aa)(II), (bb), and (cc), and (viii)(aa)(II), (bb)(II), and (cc), 102.1(B)(4)(b) and (5) and (C)(4)(b) and (5), 102.2(B)(4)(b) and (C)(4)(b) and (5) are hereby amended and reenacted and R.S. 11:102.1(B)(7) and (C)(7) and 102.2(B)(6) and (C)(7) are hereby enacted to read as follows:

§102. Employer contributions; determination; state systems

*   *   *

B.

*   *   *

(3) With respect to each state public retirement system, the actuarially required employer contribution for each fiscal year, commencing with Fiscal Year 1989-1990, shall be that dollar amount equal to the sum of:

*   *   *

(d) That fiscal year's payment, computed as of the first of that fiscal year and projected to the middle of that fiscal year at the actuarially assumed interest rate, necessary to amortize changes in actuarial liability due to:

*   *   *

(v)(aa)

*   *   *

(II) Notwithstanding the provisions of Subsubitem (I) of this Subitem, ~~effective for the June thirtieth valuation following the fiscal year in which the system first attains a funded percentage of eighty-five or more and for every year thereafter,~~ the amortization period for the changes, gains, or losses of the Louisiana State Employees' Retirement System provided in Items (i) through (iv) of this Subparagraph shall be as follows:

(aaa) For the June 30, 2015 valuation, twenty-eight years.

(bbb) For the June 30, 2016 valuation, twenty-six years.

(ccc) For the June 30, 2017 valuation, twenty-four years.

(ddd) For the June 30, 2018 valuation, twenty-two years.

(eee) For the June 30, 2019 valuation and for every year thereafter, twenty years from the year in which the change, gain, or loss occurred.

(bb)(I) Effective for the June thirtieth valuation for the fiscal year immediately following the year in which the system fully liquidates an amortization base established in R.S. 11:102.1 and for each valuation thereafter, after any remaining payment required pursuant to R.S. 11:102.1, the system shall apply to the oldest outstanding positive amortization base of the system, the system's remaining excess investment experience returns. For the first valuation to which this Subsubitem applies the amount of excess returns to be applied pursuant to the provisions of this Subsubitem shall be the excess returns up to the amount of excess investment experience returns as equals that year's remaining payment pursuant to R.S. 11:102.1. Upon complete liquidation of such amortization base, any remaining funds shall be applied to the next oldest outstanding positive amortization base until no further funds remain or all such bases are completely liquidated. Notwithstanding any provision of this Subitem to the contrary, the maximum amount of excess returns to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior year's maximum amount increased by the percentage increase in the system's actuarial value of assets for the preceding year, if any. For any payment made pursuant to the provisions of this Subsubitem, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application. For the purposes of this Subsubitem, the oldest outstanding positive amortization base shall first mean the Original Amortization Base until it is completely liquidated, then the Experience Account Amortization Base until it is completely liquidated, and then the oldest outstanding debt of the system excluding any amortization base established to amortize a particularized liability established pursuant to Subsection C of this Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection.

(II) Effective for the June thirtieth valuation for the fiscal year immediately following the year in which the system fully liquidates the last remaining amortization base established in R.S. 11:102.1 and for each valuation thereafter, if the system's investment experience for the fiscal year exceeds the system's actuarial assumed rate of return, the system shall apply to the oldest outstanding positive amortization base of the system, excluding any amortization base established to amortize a particularized liability established pursuant to Subsection C of this Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection, the system's excess investment experience returns. For the first valuation to which this Subsubitem applies, the amount of excess returns to be applied pursuant to the provisions of this Subsubitem shall be the excess returns up to the amount of excess investment experience returns as equals double the last payment made pursuant to Subsubitem (I) of this Subitem. Upon complete liquidation of such amortization base, any remaining funds shall be applied to the next oldest outstanding positive amortization base until no further funds remain or all such bases are completely liquidated. Notwithstanding any provision of this Subitem to the contrary, the maximum amount of excess returns to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior year's maximum amount increased by the percentage increase in the system's actuarial value of assets for the preceding year, if any. For any payment made pursuant to the provisions of this Subsubitem, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

(cc) Effective for the ~~June 30, 2019,~~ first system valuation on or after June 30, 2015, in which an allocation is made to the system's experience account and for each valuation thereafter, ~~actuarial~~ gains allocated to the experience account shall be amortized as a loss with level payments over a ten-year period.

* * *

(vi)(aa)

* * *

(II) Notwithstanding the provisions of Subsubitem (I) of this Subitem, ~~effective for the June thirtieth valuation following the fiscal year in which the system first attains a funded percentage of eighty-five or more and for every year thereafter,~~ the amortization period for the changes, gains, or losses of the Louisiana School Employees' Retirement System provided in Items (i) through (iv) of this Subparagraph shall be as follows:

(aaa) For the June 30, 2015 valuation, twenty-eight years.

(bbb) For the June 30, 2016 valuation, twenty-six years.

(ccc) For the June 30, 2017 valuation, twenty-four years.

(ddd) For the June 30, 2018 valuation, twenty-two years.

(eee) For the June 30, 2019 valuation and for every year thereafter, twenty years from the year in which the change, gain, or loss occurred.

(bb) * * *

(II)(aaa) Effective for the June 30, 2015, valuation and for each valuation thereafter, if the system's investment experience for the fiscal year exceeds the system's actuarial assumed rate of return, the system shall apply the excess investment experience returns, up to the first fifteen million dollars for the June 30, 2015, valuation, to the oldest outstanding positive amortization base of the system, excluding any amortization base established to amortize a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete liquidation of such amortization base, any remaining funds shall be applied to the next oldest outstanding positive amortization base until no further funds remain or all such bases are completely liquidated. Notwithstanding any provision of this Subsubitem to the contrary, the maximum amount of excess returns to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior year's maximum amount increased by the percentage increase in the system's actuarial value of assets for the preceding year, if any. For any payment made pursuant to the provisions of this Subsubitem, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

(bbb) Notwithstanding any provision of law to the contrary, for the June 30, 2015 valuation, the remaining liability net of all payments made pursuant to this Subitem shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item.

(cc) Effective for the ~~June 30, 2019,~~ first system valuation dated on or after June 30, 2015, in which an allocation is made to the system's experience account and for each valuation thereafter, ~~actuarial~~ gains allocated to the experience account shall be amortized as a loss with level payments over a ten-year period.

* * *

(vii)(aa)

* * *

(II) Notwithstanding the provisions of Subsubitem (I) of this Subitem, ~~effective for the June thirtieth valuation following the fiscal year in which the system first attains a funded percentage of eighty-five or more and for every year thereafter,~~ the amortization period for the changes, gains, or losses of the Teachers' Retirement System of Louisiana provided in Items (i) through (iv) of this Subparagraph shall be <u>as follows:</u>

<u>(aaa) For the June 30, 2015 valuation, twenty-eight years.</u>

<u>(bbb) For the June 30, 2016 valuation, twenty-six years.</u>

<u>(ccc) For the June 30, 2017 valuation, twenty-four years.</u>

<u>(ddd) For the June 30, 2018 valuation, twenty-two years.</u>

<u>(eee) For the June 30, 2019 valuation and for every year thereafter,</u> twenty years from the year in which the change, gain, or loss occurred.

(bb)(I) Effective for the June thirtieth valuation for the fiscal year immediately following the year in which the system fully liquidates an amortization base established in R.S. 11:102.2 and for each valuation thereafter, after any remaining payment required pursuant to R.S. 11:102.2, the system shall apply to the oldest outstanding positive amortization base of the system, the system's remaining excess investment experience returns. For the first valuation to which this Subsubitem applies the amount of excess returns to be applied pursuant to the provisions of this Subsubitem shall be the excess returns up to the amount of excess investment experience returns as equals that year's remaining payment pursuant to R.S. 11:102.2. Upon complete liquidation of such amortization base, any remaining funds shall be applied to the next oldest outstanding positive amortization base until no further funds remain or all such bases are completely liquidated. Notwithstanding any provision of this Subitem to the contrary, the maximum amount of excess returns to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior year's maximum amount increased by the percentage increase in the system's actuarial value of assets for the preceding year, if any. For any payment made pursuant to the provisions of this Subsubitem, if the system is eighty-five percent funded or greater prior to the application of the funds <u>or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five</u>, the ~~net~~ remaining liability <u>net of all payments made since the last reamortization</u> shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item; if the system is less than eighty-five percent funded prior to application of the funds <u>and the valuation year is not equal to 2019 plus a multiple of five</u>, the net remaining liability shall not be reamortized after such application. For the purposes of this Subitem, the oldest outstanding positive amortization base shall first mean the Original Amortization Base until it is completely liquidated, then the Experience Account Amortization Base until it is completely liquidated, and then the oldest outstanding debt of the system excluding any amortization base established to amortize a particularized liability established pursuant to Subsection D of this Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection.

(II) Effective for the June thirtieth valuation for the fiscal year immediately following the year in which the system fully liquidates the last remaining amortization base established in R.S. 11:102.2 and for each valuation thereafter, if the system's investment experience for the fiscal year exceeds the system's actuarial assumed rate of return, the system shall apply to the oldest outstanding positive amortization base of the system, excluding any amortization base established to amortize a particularized liability established pursuant to Subsection D of this Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection, the system's excess investment experience returns. For the first valuation to which this Subsubitem applies, the amount of excess returns to be applied pursuant to the provisions of this Subsubitem shall be the excess returns up to the amount of excess investment experience returns as equals double the last payment made pursuant to Subsubitem (I) of this Subitem. Upon complete liquidation of such amortization base, any remaining funds shall be applied to the next oldest outstanding positive amortization base until no further funds remain or all such bases are completely liquidated. Notwithstanding any provision of this Subitem to the contrary, the maximum amount of excess returns to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior year's maximum amount increased by the percentage increase in the system's actuarial value of assets for the preceding year, if any. For any payment made pursuant to the provisions of this Subsubitem, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

(cc) Effective for the ~~June 30, 2019,~~ first system valuation dated on or after June 30, 2015, in which an allocation is made to the system's experience account and for each valuation thereafter, ~~actuarial~~ gains allocated to the experience account shall be amortized as a loss with level payments over a ten-year period.

* * *

(viii)(aa)

* * *

(II) Notwithstanding the provisions of Subsubitem (I) of this Subitem, ~~effective for the June thirtieth valuation following the fiscal year in which the system first attains a funded percentage of eighty-five or more and for every year thereafter,~~ the amortization period for the changes, gains, or losses of the Louisiana State Police Retirement System provided in Items (i) through (iv) of this Subparagraph shall be as follows:

(aaa) For the June 30, 2015 valuation, twenty-eight years.

(bbb) For the June 30, 2016 valuation, twenty-six years.

(ccc) For the June 30, 2017 valuation, twenty-four years.

(ddd) For the June 30, 2018 valuation, twenty-two years.

(eee) For the June 30, 2019 valuation and for every year thereafter, twenty years from the year in which the change, gain, or loss occurred.

(bb) * * *

(II)(aaa) Effective for the June 30, 2015, valuation and for each valuation thereafter, if the system's investment experience for the fiscal year exceeds the system's actuarial assumed rate of return, the system shall apply the excess investment experience returns, up to the first five million dollars for the June 30, 2015, valuation, to the oldest outstanding positive amortization base of the system, excluding any amortization base established to amortize a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete liquidation of such amortization base, any remaining funds shall be applied to the next oldest outstanding positive amortization base until no further funds remain or all such bases are completely liquidated. Notwithstanding any provision of this Subsubitem to the contrary, the maximum amount of excess returns to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior year's maximum amount increased by the percentage increase in the system's actuarial value of assets for the preceding year, if any. For any payment made pursuant to the provisions of this Subsubitem, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

(bbb) Notwithstanding any provision of law to the contrary, for the June 30, 2015 valuation, the remaining liability net of all payments made pursuant to this Subitem since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Item.

(cc) Effective for the ~~June 30, 2019,~~ first system valuation dated on or after June 30, 2015, in which an allocation is made to the system's experience account and for each valuation thereafter, ~~actuarial~~ gains allocated to the experience account shall be amortized as a loss with level payments over a ten-year period.

* * *

§102.1. Consolidation of amortization payment schedules; Louisiana State Employees' Retirement System

* * *

B. Original amortization base.

* * *

(4) * * *

(b) For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

(5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any other provision of law to the contrary, in any year through Fiscal Year 2016-2017 in which the system receives an overpayment of employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year through Fiscal Year 2016-2017 in which the system receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such overpayment or additional contribution shall be applied to the remaining balance of the original amortization base established pursuant to this Subsection. For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

* * *

(7) Notwithstanding any provision of law to the contrary, for the June 30, 2015 valuation, the remaining liability net of all payments allocated to the original amortization base since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law.

C. Experience account amortization base.

* * *

(4) * * *

(b) For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

(5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any other provision of law to the contrary, in any year from Fiscal Year 2017-2018 through Fiscal Year 2039-2040 in which the system receives an overpayment of employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year from Fiscal Year 2017-2018 through Fiscal Year 2039-2040 in which the system receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such overpayment or additional contribution shall be applied to the remaining balance of the experience account amortization base established pursuant to this Subsection. For

any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

* * *

(7) Notwithstanding any provision of law to the contrary, for the June 30, 2015 valuation, the remaining liability net of all payments made pursuant to this Subsection since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law.

* * *

§102.2. Consolidation of amortization payment schedules; Teachers' Retirement System of Louisiana

* * *

B. Original amortization base.

* * *

(4) * * *

(b) For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

* * *

(6) Notwithstanding any provision of law to the contrary, for the June 30, 2015 valuation, the remaining liability net of all payments allocated to the original amortization base since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law.

C. Experience account amortization base.

* * *

(4) * * *

(b) For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

(5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any other provision of law to the contrary, in any year from Fiscal Year 2009-2010 through Fiscal Year 2039-2040 in which the system receives an overpayment of employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year from Fiscal Year 2009-2010 through Fiscal Year 2039-2040 in which the system receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such overpayment or additional contribution shall be applied to the remaining balance of the experience account amortization base established pursuant to this Subsection. For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds or if the system is less than eighty-five percent funded and the valuation year is equal to 2019 plus a multiple of five, the ~~net~~ remaining liability net of all payments made since the

last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds and the valuation year is not equal to 2019 plus a multiple of five, the net remaining liability shall not be reamortized after such application.

* * *

(7) Notwithstanding any provision of law to the contrary, for the June 30, 2015 valuation, the remaining liability net of all payments made pursuant to this Subsection since the last reamortization shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law.

* * *"

Respectfully submitted,

Representative J. Kevin Pearson	Senator Elbert Guillory
Representative Sam Jones	Senator Patrick Page Cortez
Representative Jack Montoucet	Senator Barrow Peacock

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)]

CONFERENCE COMMITTEE REPORT DIGEST

HB 42 **2015 Regular Session** **Jones**

Keyword and oneliner of the instrument as it left the House

RETIREMENT/COLAS: Authorizes payment of a permanent benefit increase funded by state retirement system experience accounts to certain retirees and beneficiaries of such systems

Report adopts Senate amendments to:

1. Change the percentage amount of the cost-of-living adjustment from 1.5% for all systems to the percentage the system would otherwise be eligible to pay pursuant to present law.

2. Change the general amortization period at each state system for actuarial changes, gains, and losses from 30 years to 20 years via incremental reductions over a period of five years.

3. Require certain debts of each system to be reamortized every five years, beginning with the June 30, 2019 valuation. Further require reamortization of such debt in the June 30, 2015 valuation.

Report rejects Senate amendments which would have:

1. Changed the date the cost-of-living adjustment is paid from July 1, 2015, to July 1, 2016.

2. Prohibited credits to the account in the June 30, 2015 valuation.

3. Established the sequence by which credits and debits may be made to each experience account.

4. Increased above $60,000 the base amount upon which the cost-of-living adjustment is paid.

5. Change the effective date upon which ten-year amortization begins for transfers of funds from the general fund to the experience account from June 30, 2019 valuation to the first annual valuation in 2016 or later containing the next experience account deposit.

Report amends the bill to:

1. Establish the sequence by which credits and debits may be made to each experience account in the future. Further prohibit credits to the account relative to investment experience in the June 30, 2015 valuation.

2. Change the effective date upon which ten-year amortization begins for transfers of funds from the general fund to the experience account from June 30, 2019 valuation

to the first annual valuation in 2015 or later containing the next experience account deposit.

Digest of the bill as proposed by the Conference Committee

Permanent Benefit Increase

Present law, relative to the four state retirement systems, establishes an "experience account" within each system for the accumulation of certain system funds. Provides for utilization of these funds for benefit increases, commonly called "cost-of-living adjustments" (COLAs), for retirees, survivors, and beneficiaries of the system. Provides that the following classes of retirees and beneficiaries are eligible for a COLA paid pursuant to present law:

(1) Any retiree who has received a benefit for at least one year and who has attained at least age 60.

(2) Any nonretiree beneficiary who has received a benefit for at least one year, aggregated with any time the deceased member may have received a benefit, if the deceased member would have attained age 60.

(3) Any disability retiree or any beneficiary who receives benefits based on the death of a disability retiree if benefits have been received for at least one year.

Proposed law retains present law.

Present law provides that a COLA may only be granted every other year. During the 2014 R.S., the legislature authorized payment, payable July 1, 2014, of a COLA for retirees and beneficiaries of each of the four state retirement systems.

Proposed law authorizes each system board to grant a COLA to retirees and beneficiaries of that system, payable July 1, 2015, funded from monies in the system experience account.

Proposed law provides that retirees and beneficiaries who would qualify for a COLA under present law qualify for receipt of the COLA authorized by proposed law.

Proposed law provides that the amount of the COLA shall be an amount supported by the funds in the system's experience account after all required credits and debits to the account under present law up to the maximum payment percentage of the retiree or beneficiary's benefit amount provided for in present law, currently 1.5% for LASERS and TRSL and 2% for LSERS and STPOL.

Proposed law provides that the benefit increase shall only be paid on the first $60,000 of a benefit.

Experience Account Credits and Debits

Present law provides that credits shall be made to the experience account when the system has certain levels of excess investment earnings. The funds that do not go into the experience account are amortized as a credit to reduce the employer contributions over a 30-year period.

Proposed law retains present law but prescribes the order in which credits and debits are to be made to the experience account beginning with the June 30, 2015 valuation. Requires credits or debits related to the net investment gain or loss attributable to the balance in the experience account during the prior year be made first. Subsequently, any credits pursuant to present law investment experience gain are to be applied. Lastly, if any COLA is to be paid, the debit for such COLA cost is made to the account.

Proposed law further prohibits any credits relative to investment experience be made to the account in the June 30, 2015 valuation.

Reduced Amortization Periods

Present law provides that the general amortization period for all credits and debts of the system shall be 30 years until the system is 85% funded.

Proposed law provides that beginning with the June 30, 2015 valuation and with each succeeding valuation for a period of five years, the amortization period for the systems shall be reduced by two years, resulting in a 20-year period by 2020.

Reamortization of Debts Every 5 Years

Present law provides for additional payments on each system's oldest amortized debts. Specifies that the debts shall not be reamortized until that system has reached a funded level of 85%.

Proposed law provides that, in the June 30, 2015 valuation, these debts shall be reamortized to reflect any additional payments that have been made since the last reamortization. Further provides that in the June 30, 2019 valuation and every five years thereafter these debts will again be reamortized to reflect payments made since the last reamortization until the system reaches a funded level of 85%. If the system is 85% funded, the debt is reamortized with each payment, as provided in present law.

Accounting for Credits to the Experience Account

Present law provides for all debts of the system, including any credits made to the experience account, to be amortized over a 30-year period.

Present constitution requires any benefit provision with an actuarial cost to be funded within ten years.

Present law, requires that, beginning with the June 30, 2019 valuation, any funds credited to the experience account shall be accounted for as a debt with a ten-year amortization period.

Proposed law provides for the ten-year amortization period to begin with the first valuation in 2015 or later that includes an experience account deposit.

Proposed law provides that any cost of proposed law not funded by payments made from the system experience account shall be funded with additional employer contributions in compliance with present law.

Proposed law provides that in the case of any conflict between the provisions of proposed law and the provisions of any other Act of the 2015 R.S., the provisions of proposed law shall supercede and control regardless of the order of passage.

Proposed law provides that the provisions of proposed law shall not be severable.

Proposed law requires adoption of a board resolution directing the actuary to use proposed law provisions in the June 30, 2015 valuation for the authority to grant the COLA to become operable.

Effective June 30, 2015.

(Amends R.S. 11:102(B)(3)(d)(v)(aa)(II), (bb), and (cc), (vi)(aa)(II), (bb)(II), and (cc), (vii)(aa)(II), (bb), and (cc), and (viii)(aa)(II), (bb)(II), and (cc), 102.1(B)(4)(b) and (5) and (C)(4)(b) and (5), 102.2(B)(4)(b) and (C)(4)(b) and (5), 542(A)(2)(introductory paragraph) and (B)(introductory paragraph), 883.1(A)(2)(introductory paragraph) and (B)(introductory paragraph), 1145.1(A)(1)(introductory paragraph) and (B)(introductory paragraph), and 1332(A)(1)(introductory paragraph) and (B)(introductory paragraph); adds R.S. 11:102.1(B)(7) and (C)(7), 102.2(B)(6) and (C)(7), 542(H), 542.2, 883.1(I), 883.4, 1145.1(G), 1145.3, 1331.2, and 1332(H))