

2016 Regular Session

HOUSE BILL NO. 22

BY REPRESENTATIVES MONTOUCET AND REYNOLDS

RETIREMENT/FIREFIGHTERS: Establishes a funding deposit account for the Firefighters' Retirement System and authorizes the board of trustees of the system to modify required employer contribution rates in certain circumstances and within certain limits in order to fund the account

1 AN ACT

2 To amend and reenact R.S. 11:107.1(B)(2) and 107.2(A) and (B)(introductory paragraph)  
3 and to enact R.S. 11:105(A)(7), 107(A)(6), and 107.1(A)(6), relative to the  
4 Firefighters' Retirement System; to provide relative to the authority of the board of  
5 trustees of the system to modify employer contribution rates in certain  
6 circumstances; to establish a funding deposit account within the system; and to  
7 provide for related matters.

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

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 11:107.1(B)(2) and 107.2(A) and (B)(introductory paragraph) are  
13 hereby amended and reenacted and R.S. 11:105(A)(7), 107(A)(6), and 107.1(A)(6) are  
14 hereby enacted to read as follows:

15 §105. Employer contributions; maintaining rates

16 A. The provisions of this Section shall apply to the following statewide  
17 public retirement systems or funds, hereinafter referred to in this Section as  
18 "systems":

19 \* \* \*

1                    (7) The Firefighters' Retirement System.

2    \*       \*       \*

3            §107. Additional employer contributions; reducing rate decreases

4                    A. The provisions of this Section shall apply to the following statewide  
5            public retirement systems or funds:

6    \*       \*       \*

7                    (6) The Firefighters' Retirement System.

8    \*       \*       \*

9            §107.1. Funding deposit account

10                    A. The provisions of this Section shall apply to the following statewide  
11            public retirement systems or funds, hereinafter referred to in this Section as  
12            "systems":

13    \*       \*       \*

14                    (6) The Firefighters' Retirement System.

15                    B.

16    \*       \*       \*

17                    (2) The balance in the account shall be set equal to zero as of December 31  
18            ,2008 thirty-first of the year immediately preceding the date the account is  
19            established.

20    \*       \*       \*

21            §107.2. Employer contributions; maintaining rates; reducing rate decreases;  
22            ~~Firefighters' Retirement System~~; Municipal Police Employees' Retirement  
23            System

24                    A. The provisions of this Section apply to ~~the following statewide public~~  
25            ~~retirement systems or funds, hereinafter referred to in this Section as "systems":~~

26                    ~~(1) The Firefighters' Retirement System.~~

27                    ~~(2) The~~ the Municipal Police Employees' Retirement System, hereafter  
28            referred to in this Section as "system".

1 B. Notwithstanding the provisions of R.S. 11:103 and 104, in any fiscal year  
2 during which the recommended net direct employer contribution rate would  
3 otherwise be decreased for ~~any~~ the system, the board of trustees ~~of the system~~ is  
4 hereby authorized to either:

5 \* \* \*

6 Section 2. This Act shall become effective on July 1, 2016; if vetoed by the governor  
7 and subsequently approved by the legislature, this Act shall become effective on July 1,  
8 2016, 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 22 Engrossed

2016 Regular Session

Montoucet

**Abstract:** Authorizes the Firefighters' Retirement System (FRS) to increase required employer contribution rates in certain circumstances and establishes a funding deposit account within the system for collection of contribution remittances above the actuarially required amount.

Present law (R.S. 11:105 and 107) grants certain statewide retirement systems the authority to increase required employer contribution rates in certain circumstances. Generally, in a year in which the required contribution rate would otherwise decrease, the systems are authorized to (a) hold the rate at the previous year's level or (b) set the contribution rate anywhere between the new lower rate and the previous year's higher rate.

Proposed law retains present law.

Systems with authority to modify employer contribution rates under present law include the Assessors' Retirement Fund, Clerks' of Court Retirement and Relief Fund, Municipal Employees' Retirement System, and the Registrars of Voters Employees' Retirement System. Proposed law would grant FRS the same authority.

Present law (R.S. 11:107.1) establishes a "funding deposit account" in certain statewide systems, such as Assessors', Clerks of Court, Municipal Employees', and Registrars of Voters. Funds collected pursuant to present law in excess of minimum required employer contribution rates are credited to this account and may be used by the board of trustees of the system for the following purposes:

- (1) Reduce system unfunded accrued liabilities.
- (2) Reduce future employer contribution rates.
- (3) Pay cost-of-living adjustments.

Proposed law establishes a funding deposit account within FRS and grants it the same authority as the other systems with such accounts.

Present law (R.S. 11:107.2) grants FRS and the Municipal Police Employees' Retirement System the authority to increase required employer contribution rates in certain circumstances and requires that funds collected in excess of minimum required employer contribution rates shall be applied to one of the following:

- (1) Reduce system initial unfunded accrued liabilities.
- (2) Reduce certain outstanding amortization charges.

Proposed law removes FRS from present law (R.S. 11:107.2).

Effective July 1, 2016.

(Amends R.S. 11:107.1(B)(2) and 107.2(A) and (B)(intro. para.); Adds R.S. 11:105(A)(7), 107(A)(6), and 107.1(A)(6))

Summary of Amendments Adopted by House

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

1. Relieve FRS of present law restrictions on its authority to use funds collected in excess of minimum required employer contribution rates to reduce liabilities.
2. Make technical changes.