

GREEN SHEET REDIGEST

HB 22

2016 Regular Session

Montoucet

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

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.

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.

Present law applies to the Assessors' Retirement Fund, Clerks' of Court Retirement and Relief Fund, Municipal Employees' Retirement System, Parochial Employees' Retirement System, and Registrars of Voters Employees' Retirement System. Proposed law would add FRS to this list.

Present law (R.S. 11:107.1) establishes a "funding deposit account" in each statewide system with the authority in present law to require additional employer contributions. Funds collected pursuant to present law in excess of the actuarially required employer contributions are credited to this account and may be used by the board of trustees of the system for the following specific purposes:

- (1) To reduce system unfunded accrued liabilities.
- (2) To reduce future employer costs.
- (3) To pay cost-of-living adjustments.

Proposed law establishes a funding deposit account within FRS and grants the system the authority to use the account for the following purposes only:

- (1) To reduce system unfunded accrued liabilities.
- (2) To reduce future employer contribution rates.

Present law (R.S. 11:107.2) grants FRS and the Municipal Police Employees' Retirement System the authority to increase required employer contribution rates only if doing so does not cause the employer contribution rate to exceed 15%. Requires that funds collected in excess of actuarially required employer contributions shall be applied to one of the following:

- (1) To reduce system initial unfunded accrued liabilities.
- (2) To 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 (D)(4)(a) and 107.2(A) and (B)(intro. para.); Adds R.S. 11:105(A)(7), 107(A)(6), and 107.1(A)(6) and (D)(4)(c))

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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the engrossed bill

1. Limit the use of the FRS funding deposit account to the following purposes:
 - (a) Reduce system unfunded accrued liabilities.
 - (b) Reduce future employer contribution rates.
2. Provide that if the instrument which originated as Senate Bill No. 3 of the 2016 Regular Session of the Legislature does not become effective, proposed law shall be null.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Removes provision stating that if the instrument which originated as Senate Bill No. 3 of the 2016 Regular Session of the Legislature does not become effective, proposed law shall be null.