

# HB 1237 -- Redline

Engrossed to Enrolled -- RETIREMENT/STATEWIDE SYS: Provides relative to the Municipal Police Employees Retirement System and the Firefighters' Retirement System (EN SEE ACTUARIAL NOTE FC)

Deletions ~~struck~~ · Insertions underlined

~~HLS ENROLLED 26RS-3471 REENGROSSED~~ Regular Session HOUSE BILL NO.

49 by Representative Bacala) BY REPRESENTATIVES BACALA AND FREEMAN ~~RETIREMENT/STATEWIDE AN SYS: ACT To amend and reenact R.S.~~

~~Provides 11:157(C)(1), relative 2225.4(B), to (C)(2), the Municipal Police Employees Retirement System and the (D), Firefighters' 2227(D)(2), Retirement System AN ACT To amend and reenact 2262.1(A), (B), and (D) (introductory paragraph), R.S. to enact R.S.~~

~~11:157(C)(1), 11:2262.1(D)(3) and 2225.4(B), (4) (C)(2), and (D), (E), and 2262.1(A) and (B), to enact repeal R.S.~~

~~11:2262.1(D)(3) 11:2225.4(A)(2), and relative (4) to and the (E), Municipal Police Employees' Retirement System and to the repeal Firefighters' R.S. Retirement System;~~

~~11:2225.4(A)(2), relative to the Municipal Police Employees' Retirement System and the Firefighters' Retirement System;~~

to provide for recovery of delinquent payments;

to provide relative to the payment of unfunded accrued liability by

~~employers; to provide for certain determinations; to employers; to provide for certain determinations; to~~  
provide for timing of payments;

~~Section 1.~~ Section 1.

~~R.S. 11:157(C)(1), 2225.4(B), (C)(2), and (D), and 2262.1(A) and (B) are R.S.~~

~~hereby amended and reenacted and R.S. 11:2262.1(D)(3) and (4) and (E) are hereby enacted to read as follows:~~

11:157(C)(1), 2225.4(B), (C)(2), and (D), 2227(D)(2), and

2262.1(A), (B), and (D) (introductory paragraph) are hereby amended and reenacted and R.S.

11:2262.1(D)(3) and (4) and (E) are hereby enacted to read as follows:

membership verification information \* \* \* Page 1 of 97 CODING:

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1237 ENROLLED C.(1) Any employee who elects not to become a member of the applicable retirement system set forth in Subsection A of this Section shall, before such election can become valid, execute and file with the retirement system an affidavit stating that his election not to be a member is of his own free will and is his own voluntary act and deed.

(2) If the number of participating employees of an employer subject to Paragraph (A)(2) of this Section returns to at least the number of participating employees as of the June thirtieth immediately preceding the withdrawal, the payments required by this Section shall cease on the July first following the determination by the actuary that a sufficient increase in participating employees has ~~occurred, and~~ occurred, and no further payments shall be due with ~~respect~~ respect to the withdrawal.

\* \* \* Page 2 of 97 CODING:

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1237 ENROLLED (2) Notwithstanding any other provision of law to the contrary, the board of trustees shall not collect any payments due from an employer for any partial dissolution that occurred prior to July 1, 2018.

\* \* \* Sec. 2227.

Method of financing \* \* \* D.

Pension accumulation fund:

The pension accumulation fund shall be the fund in which shall be accumulated all reserves for the payment of all pension and benefits payable from contributions made by employers.

Contributions to and payments from the pension accumulation fund shall be made as follows:

\* \* \* (2) Delinquent payments due under R.S. 11:2227(B)(1) and 2227(D)(1) may be recovered through either of the following actions:

(a) Upon certification to the state treasurer and written notice to the municipality by the director that a municipality's monthly report and payment of contributions is delinquent, the state treasurer shall deduct the amount of the delinquent contributions from any monies then available for distribution to or for the benefit of that municipality and shall transmit said amount directly to the board of trustees of the retirement system.

Upon making such a deduction, the state treasurer shall immediately notify the municipality that the deduction has been made and that the funds available for distribution to it are reduced accordingly.

In like manner, the Page 3 of 7 CODING:

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1237 ENROLLED director of the system, upon receipt of said funds, shall credit such funds to the proper account affected therebyand shall notify the municipality thereof;

or (b) Through an action initiated in a court of competent jurisdiction against the political subdivision or instrumentality liable therefor together with interest charged at the legal rate computed from the date the payment became delinquent.

The portion shall be calculated by applying the percentage ~~Page~~decrease ~~3~~in the salaries paid to participating employees by the employer on the thirtieth of ~~9~~June ~~CODING:~~and salaries paid to participating employees by the employer as of the thirtieth of June of the prior year to multiplying the total payment that would have been required pursuant to the provisions of Paragraph (1) of this Subsection if the employer had fullydissolved its fire department.

Payments requiredpursuant to the provisions of this Paragraph shall include interest at the system's valuation interest rate.

by the ratio of the difference between the fiscal year's base employee ~~Page 4 of 7 CODING:~~

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1237 ~~decrease~~ENROLLED incount and the salariesfiscal paidyear's to-participating employeesemployee bycount the employer on the thirtieth of June and salaries paid to participating employees by the employer as of the thirtieth of June of the prior yearfiscal toyear's multiplyingparticipating theemployee totalcount. payment that would have been required pursuant to the provisions of Paragraph (1) of this Subsection if theemployerhad fullydissolved its fire department.

~~Payments required pursuantto the provisions of this Paragraph shall include interest at the system's valuation interest rate.~~

~~by the ratio of the difference between the fiscal year's base employee count and the fiscal year's participating employee count to the prior fiscal year's participating employee count.~~

(i) The number of participating employees of the employer participating employer count as of the thirtieth of June is less than seventy percent of the base employee count rounded down to the nearest whole number, and the difference between the base employee count and the participating employee count is at least three number of participating employees of the employer on the thirtieth of June of the prior yearand either the number of ~~participating~~participatingemployees-employees decreasesbyat least three or the number of participating employees is zero.

Payments Any payments for withdrawals that occur on or after July 1, 2021, shall be payable beginning the first of July of the second fiscal year following the determination by the actuary and if such determination occurs prior to June 30, 2024, or beginning ~~Page~~July 4first of ~~9~~the ~~CODING:~~third fiscal year following the determination by the actuary if such determination occurs on or after June 30, 2024.

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~~1237 July first of the third fiscal year following the determination by the actuary if such determination occurs on or after June 30, 2024.~~

(2)(a) Ifthenumberofparticipatingemployeesparticipatingemployee count of an employer subject to Paragraph (A)(2) of this Section returns to at least the ~~number~~numberof ofparticipatingemployees participatingemployeesasofthethirtiethasofthethirtieth of Juneimmediatelypreceding the~~Page~~ withdrawal,5 base employee count for the fiscal year of ~~partial~~7 dissolution,~~CODING:~~ the payments required by this Section shall cease on the first of July following the ~~determinationbytheactuarythata sufficientincreaseinparticipatingemployeeshas occurred, andnofurtherpaymentsshallbeduewith respecttothewithdrawal.~~partial dissolution.

~~Any~~Wordsinstructkthrough typeare deletionsfrom existinglaw; wordsunderscored paymentsare madeadditions. pursuant to this Section that partial dissolution shall be creditedas an offset of anyamounts due bythe employer attributable to any subsequent withdrawal that occurs partial dissolution occurring after the fiscal year of the sufficient increase in participating employees but within fifteen years of the payments.

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1237 ENROLLED the withdrawal, base employee count for the fiscal year of partial dissolution, the payments required by this Section shall cease on the first of July following the ~~determinationbytheactuarythata sufficientincreaseinparticipatingemployeeshas occurred, andnofurtherpaymentsshallbeduewith respecttothewithdrawal.~~partial dissolution.

Any payments made pursuant to this Section that partial dissolution shall be credited as an offset of anyamounts due bythe employer attributable to any subsequent withdrawal that occurs partial dissolution occurring after the fiscal year of the sufficient increase in participating employees but within fifteen years of the payments.

For the purposes of this ~~Section~~, Section, the following terms shall mean have the following meanings:

\* \* \* Page (3) 5 "Participating employee count" for an employer for a fiscal year shall mean the number of participating ~~CODING: employees as of June thirtieth of that fiscal year.~~

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~~1237 (3) "Participating employee count" for an employer for a fiscal year shall mean the number of participating employees as of June thirtieth of that fiscal year.~~

~~E.~~ Page 6 of 7 CODING:

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1237 ENROLLED E.

This Act shall become ~~effective~~ effective upon ~~upon~~ signature by the governor or, if not signed by the governor, upon expiration of the time for bill to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana.

If vetoed by the ~~governor and~~ governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

DIGEST SPEAKER The digest printed below was prepared by House Legislative OF Services. THE HOUSE OF REPRESENTATIVES PRESIDENT OF THE SENATE GOVERNOR OF THE STATE OF LOUISIANA APPROVED:

~~It~~ Page ~~constitutes~~ 7 ~~no part of the~~ 7 ~~legislative~~ CODING: 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 1237 Reengrossed 2026 Regular Session Bacala Abstract:~~

~~Provides relative to dissolution of a police or fire department by an employer in the Municipal Police Employees' Retirement System or Firefighters' Retirement System and to membership in the systems.~~

~~Opt-out Provision Present law, applicable to Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS), generally requires a person who meets the definition of "employee" contained in present law to become a system member as a condition of employment.~~

~~Proposed law retains present law.~~

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~~1237 Present law, applicable to MPERS and FRS, allows an employee whose employer covers its police officers or firefighters under Social Security to elect not to become a member of the system.~~

~~Provides requirements and procedures for making the election including execution of an affidavit.~~

~~Proposed law retains present law and requires the police chief or the mayor of the employing municipality to sign and notarize the affidavit for a police officer electing to not participate in MPERS.~~

~~MPERS Dissolution Provision Present law provides that a participating employer in MPERS that partially dissolves its police department shall pay the portion of the system's unfunded accrued liability (UAL) attributable to that employer existing on the June 30 prior to the dissolution, with interest.~~

~~Present law requires that the employer's UAL portion be calculated using the allocation percentage included in the prior fiscal year's employer pension report produced according to requirements established by the Governmental Accounting Standards Bd.~~

~~Present law requires an employer to pay a pro rata portion of the UAL attributable to that employer if there is a significant reduction in the employer's participation in the system (partial dissolution).~~

~~Present law requires such payments if either of the following occurs during a one year period:~~

~~(1) A 30% or greater decrease in active members and DROP participants and the number of participating employees decreases by at least two.~~

~~(2) The number of participating employees decreases by at least 50.~~

~~Present law requires that payments be amortized over 15 years in equal payments.~~

~~Present law provides that if the number of participating employees of an employer whose department was partially dissolved returns to or exceeds the number of participating employees prior to the partial dissolution, payments shall cease on the July first following the increase.~~

~~Provides that payments made will be credited as an offset of any amounts due for any subsequent dissolution or partial dissolution of the department that occurs within 15 years of such payment.~~

~~Proposed law repeals present law.~~

~~Present law provides that the board of trustees shall not collect payments from an employer who was deemed to have partially dissolved its police department if the partial dissolution occurred prior to July 1, 2018.~~

~~Proposed law changes the date in present law to July 1, 2025.~~

~~Proposed law provides that the UAL is determined using the level percentage of payroll entry age normal actuarial accrued liability.~~

~~FRS Partial Dissolution Provision Present law provides generally for an employer with a sufficient reduction in employees to be deemed to have partially dissolved and requires payments to the system. Provides for definitions and determinations related to the reduction and payments with determinations made as part of the actuarial valuation process.~~

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~~1237 Proposed law retains present law.~~

~~Present law provides that a participating employer shall be deemed to have partially dissolved its fire department if either of the following occurs:~~

~~(1) The number of participating employees of the employer on the valuation date is less than 70% of the number of participating employees of the employer as of June 30th of the prior fiscal year and either the number of participating employees decreases by at least a minimum number or the number of participating employees is zero.~~

~~(2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the number of participating employees of the employer as of June 30th of the prior year.~~

~~Present law provides for a minimum decrease of at least three employees.~~

~~Proposed law provides that a participating employer shall be deemed to have partially dissolved its fire department if either of the following occurs:~~

~~(1) The number of participating employees of the employer as of June 30th is less than 70% of the base employee count and either the number of participating employees is zero or the number of participating employees decreases by at least three.~~

~~(2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the base employee count.~~

~~Proposed law further provides that if the calculation of the percentage does not result in a whole number, the actuary shall round to the nearest lower whole number.~~

~~Present law requires payments to begin on the first of July of the second fiscal year following the determination that a partial dissolution has occurred.~~

~~Proposed law requires payments to begin on the first of July of the third fiscal year following the determination for withdrawals based on a valuation dated June 30, 2024, or later.~~

~~Proposed law provides that if an employer is delinquent on June 30th in any year, certain provisions of proposed law do not apply to the withdrawal on which the payments are delinquent and any additional withdrawal based on the June 30th actuarial valuation of that year.~~

~~Proposed law provides that the UAL is determined using the level percentage of payroll entry age normal actuarial accrued liability.~~

~~Effective upon signature of governor or lapse of time for gubernatorial action.~~

~~(Amends R.S.~~

~~11:157(C)(1), 2225.4(B), (C)(2), and (D), and 2262.1(A) and (B);~~

~~Adds R.S.~~

~~11:2262.1(D)(3) and (4) and (E);~~

~~Repeals R.S.~~

~~11:2225.4(A)(2)) The House Floor Amendments to the engrossed bill.~~

~~1.~~

~~Make technical changes.~~

~~2.~~

~~Specify that the requirement for the police chief or mayor of an employing municipality to sign and notarize an affidavit applies only when a police officer chooses to opt out of MPERS.~~

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~~1237 3.~~

~~Provide that no payments for partial dissolution shall be collected from an employer if a partial dissolution of a police department occurred prior to July 1, 2025.~~

~~4.~~

~~Provide that the unfunded accrued liability is determined using the level percentage of payroll entry~~

~~age normal actuarial accrued liability for both MPERS and FRS when a department partially or fully dissolves.~~

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