

2016 Regular Session

HOUSE BILL NO. 21

BY REPRESENTATIVE JONES

RETIREMENT/STATE SYSTEMS: Requires certain amortization periods for certain state retirement system debts and authorizes reamortization of certain debts in certain circumstances

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(3)(d)(v)(aa)(II), (bb), and (cc), (vi)(aa)(II), (bb)(II),
3 and (cc), (vii)(aa)(II), (bb), and (cc), (viii)(aa)(II), (bb)(II), and (cc), 102.1(B)(4)(b)
4 and (5) and (C)(4)(b) and (5), and 102.2(B)(4)(b) and (C)(4)(b) and (5) and to enact
5 R.S. 11:102.1(B)(7) and (C)(7) and 102.2(B)(6) and (C)(7), relative to funding of
6 state retirement systems; to provide with respect to amortization periods of system
7 liabilities; to provide with respect to the calculation of outstanding amounts on such
8 liabilities; to provide with respect to the calculation of employer contribution rates
9 for state retirement systems; and to provide for related matters.

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

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 11:102(B)(3)(d)(v)(aa)(II), (bb), and (cc), (vi)(aa)(II), (bb)(II), and
15 (cc), (vii)(aa)(II), (bb), and (cc), (viii)(aa)(II), (bb)(II), and (cc), 102.1(B)(4)(b) and (5) and
16 (C)(4)(b) and (5), and 102.2(B)(4)(b) and (C)(4)(b) and (5) are hereby amended and
17 reenacted and R.S. 11:102.1(B)(7) and (C)(7) and 102.2(B)(6) and (C)(7) are hereby enacted
18 to read as follows:

1 §102. Employer contributions; determination; state systems

2 B.

3 * * *

4 (3) With respect to each state public retirement system, the actuarially
5 required employer contribution for each fiscal year, commencing with Fiscal Year
6 1989-1990, shall be that dollar amount equal to the sum of:

7 * * *

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

11 * * *

12 (v)(aa)

13 * * *

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

20 (aaa) For the June 30, 2016 valuation, twenty-eight years from the year in
21 which the change, gain, or loss occurred.

22 (bbb) For the June 30, 2017 valuation, twenty-six years from the year in
23 which the change, gain, or loss occurred.

24 (ccc) For the June 30, 2018 valuation, twenty-four years from the year in
25 which the change, gain, or loss occurred.

26 (ddd) For the June 30, 2019 valuation, twenty-two years from the year in
27 which the change, gain, or loss occurred.

28 (eee) For the June 30, 2020 valuation, and for every valuation thereafter,
29 twenty years from the year in which the change, gain, or loss occurred.

1 (bb)(I) Effective for the June thirtieth valuation for the fiscal year
2 immediately following the year in which the system fully liquidates an amortization
3 base established in R.S. 11:102.1 and for each valuation thereafter, after any
4 remaining payment required pursuant to R.S. 11:102.1, the system shall apply to the
5 oldest outstanding positive amortization base of the system, the system's remaining
6 excess investment experience returns. For the first valuation to which this
7 Subsubitem applies the amount of excess returns to be applied pursuant to the
8 provisions of this Subsubitem shall be the excess returns up to the amount of excess
9 investment experience returns as equals that year's remaining payment pursuant to
10 R.S. 11:102.1. Upon complete liquidation of such amortization base, any remaining
11 funds shall be applied to the next oldest outstanding positive amortization base until
12 no further funds remain or all such bases are completely liquidated. Notwithstanding
13 any provision of this Subitem to the contrary, the maximum amount of excess returns
14 to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior
15 year's maximum amount increased by the percentage increase in the system's
16 actuarial value of assets for the preceding year, if any. For any payment made
17 pursuant to the provisions of this Subsubitem, if the system is ~~eighty-five~~ eighty
18 percent funded or greater prior to the application of the funds or if the system is less
19 than eighty percent funded and the valuation year is equal to 2020 or 2020 plus a
20 nonzero multiple of five, the ~~net~~ remaining liability net of all payments made since
21 the last reamortization shall be reamortized over the remaining amortization period
22 with annual payments calculated as provided in this Item; if the system is less than
23 ~~eighty-five~~ eighty percent funded prior to application of the funds and the valuation
24 year is not 2020 or 2020 plus a nonzero multiple of five, the net remaining liability
25 shall not be reamortized after such application. For the purposes of this Subsubitem,
26 the oldest outstanding positive amortization base shall first mean the Original
27 Amortization Base until it is completely liquidated, then the Experience Account
28 Amortization Base until it is completely liquidated, and then the oldest outstanding
29 debt of the system excluding any amortization base established to amortize a

1 particularized liability established pursuant to Subsection C of this Section or a
2 liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection.

3 (II) Effective for the June thirtieth valuation for the fiscal year immediately
4 following the year in which the system fully liquidates the last remaining
5 amortization base established in R.S. 11:102.1 and for each valuation thereafter, if
6 the system's investment experience for the fiscal year exceeds the system's actuarial
7 assumed rate of return, the system shall apply to the oldest outstanding positive
8 amortization base of the system, excluding any amortization base established to
9 amortize a particularized liability established pursuant to Subsection C of this
10 Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this
11 Subsection, the system's excess investment experience returns. For the first
12 valuation to which this Subsubitem applies, the amount of excess returns to be
13 applied pursuant to the provisions of this Subsubitem shall be the excess returns up
14 to the amount of excess investment experience returns as equals double the last
15 payment made pursuant to Subsubitem (I) of this Subitem. Upon complete
16 liquidation of such amortization base, any remaining funds shall be applied to the
17 next oldest outstanding positive amortization base until no further funds remain or
18 all such bases are completely liquidated. Notwithstanding any provision of this
19 Subitem to the contrary, the maximum amount of excess returns to be applied in any
20 subsequent year pursuant to this Subsubitem shall equal the prior year's maximum
21 amount increased by the percentage increase in the system's actuarial value of assets
22 for the preceding year, if any. For any payment made pursuant to the provisions of
23 this Subsubitem, if the system is ~~eighty-five~~ eighty percent funded or greater prior
24 to the application of the funds or if the system is less than eighty percent funded and
25 the valuation year is equal to 2020 or 2020 plus a nonzero multiple of five, the ~~net~~
26 remaining liability net of all payment made since the last reamortization shall be
27 reamortized over the remaining amortization period with annual payments calculated
28 as provided in this Item; if the system is less than ~~eighty-five~~ eighty percent funded
29 prior to application of the funds and the valuation year is not 2020 or 2020 plus a

1 (II)(~~aaa~~) Effective for the June 30, 2015, valuation and for each valuation
2 thereafter, if the system's investment experience for the fiscal year exceeds the
3 system's actuarial assumed rate of return, the system shall apply the excess
4 investment experience returns, up to the first fifteen million dollars for the June 30,
5 2015, valuation, to the oldest outstanding positive amortization base of the system,
6 excluding any amortization base established to amortize a liability established
7 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete
8 liquidation of such amortization base, any remaining funds shall be applied to the
9 next oldest outstanding positive amortization base until no further funds remain or
10 all such bases are completely liquidated. Notwithstanding any provision of this
11 Subsubitem to the contrary, the maximum amount of excess returns to be applied in
12 any subsequent year pursuant to this Subsubitem shall equal the prior year's
13 maximum amount increased by the percentage increase in the system's actuarial
14 value of assets for the preceding year, if any. For any payment made pursuant to the
15 provisions of this Subsubitem, if the system is ~~eighty-five~~ eighty percent funded or
16 greater prior to the application of the funds or if the system is less than eighty
17 percent funded and the valuation year is equal to 2020 or 2020 plus a nonzero
18 multiple of five, the net remaining liability net of all payments made since the last
19 reamortization shall be reamortized over the remaining amortization period with
20 annual payments calculated as provided in this Item; if the system is less than ~~eighty-~~
21 ~~five~~ eighty percent funded prior to application of the funds and the valuation year is
22 not equal to 2020 plus a nonzero multiple of five, the net remaining liability shall not
23 be reamortized after such application.

24 **(bbb)** Notwithstanding any provision of law to the contrary, for the June 30,
25 2016 valuation, the remaining liability net of all payments made pursuant to this
26 Subitem shall be reamortized over the remaining amortization period with annual
27 payments calculated as provided in this Item.

28 (cc) Effective for the ~~June 30, 2019~~, first system valuation dated on or after
29 June 30, 2016, in which an allocation is made to the system's experience account and

1 for each valuation thereafter, ~~actuarial~~ gains allocated to the experience account shall
2 be amortized as a loss with level payments over a ten-year period.

3 (vii)(aa)

4 * * *

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

11 (aaa) For the June 30, 2016 valuation, twenty-eight years from the year in
12 which the change, gain, or loss occurred.

13 (bbb) For the June 30, 2017 valuation, twenty-six years from the year in
14 which the change, gain, or loss occurred.

15 (ccc) For the June 30, 2018 valuation, twenty-four years from the year in
16 which the change, gain, or loss occurred.

17 (ddd) For the June 30, 2019 valuation, twenty-two years from the year in
18 which the change, gain, or loss occurred.

19 (eee) For the June 30, 2020 valuation, and for every valuation thereafter,
20 twenty years from the year in which the change, gain, or loss occurred.

21 (bb)(I) Effective for the June thirtieth valuation for the fiscal year
22 immediately following the year in which the system fully liquidates an amortization
23 base established in R.S. 11:102.2 and for each valuation thereafter, after any
24 remaining payment required pursuant to R.S. 11:102.2, the system shall apply to the
25 oldest outstanding positive amortization base of the system, the system's remaining
26 excess investment experience returns. For the first valuation to which this
27 Subsubitem applies the amount of excess returns to be applied pursuant to the
28 provisions of this Subsubitem shall be the excess returns up to the amount of excess
29 investment experience returns as equals that year's remaining payment pursuant to

1 R.S. 11:102.2. Upon complete liquidation of such amortization base, any remaining
2 funds shall be applied to the next oldest outstanding positive amortization base until
3 no further funds remain or all such bases are completely liquidated. Notwithstanding
4 any provision of this Subitem to the contrary, the maximum amount of excess returns
5 to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior
6 year's maximum amount increased by the percentage increase in the system's
7 actuarial value of assets for the preceding year, if any. For any payment made
8 pursuant to the provisions of this Subsubitem, if the system is ~~eighty-five~~ eighty
9 percent funded or greater prior to the application of the funds or if the system is less
10 than eighty percent funded and the valuation year is equal to 2020 or 2020 plus a
11 nonzero multiple of five, the ~~net~~ remaining liability net of all payments made since
12 the last reamortization shall be reamortized over the remaining amortization period
13 with annual payments calculated as provided in this Item; if the system is less than
14 ~~eighty-five~~ eighty percent funded prior to application of the funds and the valuation
15 year is not equal to 2020 or 2020 plus a nonzero multiple of five, the net remaining
16 liability shall not be reamortized after such application. For the purposes of this
17 Subitem, the oldest outstanding positive amortization base shall first mean the
18 Original Amortization Base until it is completely liquidated, then the Experience
19 Account Amortization Base until it is completely liquidated, and then the oldest
20 outstanding debt of the system excluding any amortization base established to
21 amortize a particularized liability established pursuant to Subsection D of this
22 Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this
23 Subsection.

24 (II) Effective for the June thirtieth valuation for the fiscal year immediately
25 following the year in which the system fully liquidates the last remaining
26 amortization base established in R.S. 11:102.2 and for each valuation thereafter, if
27 the system's investment experience for the fiscal year exceeds the system's actuarial
28 assumed rate of return, the system shall apply to the oldest outstanding positive
29 amortization base of the system, excluding any amortization base established to

1 amortize a particularized liability established pursuant to Subsection D of this
 2 Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this
 3 Subsection, the system's excess investment experience returns. For the first
 4 valuation to which this Subsubitem applies, the amount of excess returns to be
 5 applied pursuant to the provisions of this Subsubitem shall be the excess returns up
 6 to the amount of excess investment experience returns as equals double the last
 7 payment made pursuant to Subsubitem (I) of this Subitem. Upon complete
 8 liquidation of such amortization base, any remaining funds shall be applied to the
 9 next oldest outstanding positive amortization base until no further funds remain or
 10 all such bases are completely liquidated. Notwithstanding any provision of this
 11 Subitem to the contrary, the maximum amount of excess returns to be applied in any
 12 subsequent year pursuant to this Subsubitem shall equal the prior year's maximum
 13 amount increased by the percentage increase in the system's actuarial value of assets
 14 for the preceding year, if any. For any payment made pursuant to the provisions of
 15 this Subsubitem, if the system is ~~eighty-five~~ eighty percent funded or greater prior
 16 to the application of the funds or if the system is less than eighty percent funded and
 17 the valuation year is equal to 2020 or 2020 plus a nonzero multiple of five, the ~~net~~
 18 remaining liability net of all payments made since the last reamortization shall be
 19 reamortized over the remaining amortization period with annual payments calculated
 20 as provided in this Item; if the system is less than ~~eighty-five~~ eighty percent funded
 21 prior to application of the funds and the valuation year is not equal to 2020 plus a
 22 nonzero multiple of five, the net remaining liability shall not be reamortized after
 23 such application.

24 (cc) Effective for the ~~June 30, 2019~~, first system valuation dated on or after
 25 June 30, 2016, in which an allocation is made to the system's experience account and
 26 for each valuation thereafter, ~~actuarial~~ gains allocated to the experience account shall
 27 be amortized as a loss with level payments over a ten-year period.

28 * * *

1 (viii)(aa)

2 * * *

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

9 (aaa) For the June 30, 2016 valuation, twenty-eight years from the year in
10 which the change, gain, or loss occurred.

11 (bbb) For the June 30, 2017 valuation, twenty-six years from the year in
12 which the change, gain, or loss occurred.

13 (ccc) For the June 30, 2018 valuation, twenty-four years from the year in
14 which the change, gain, or loss occurred.

15 (ddd) For the June 30, 2019 valuation, twenty-two years from the year in
16 which the change, gain, or loss occurred.

17 (eee) For the June 30, 2020 valuation, and for every valuation thereafter,
18 twenty years from the year in which the change, gain, or loss occurred.

19 (bb)

20 * * *

21 (II)(aaa) Effective for the June 30, 2015, valuation and for each valuation
22 thereafter, if the system's investment experience for the fiscal year exceeds the
23 system's actuarial assumed rate of return, the system shall apply the excess
24 investment experience returns, up to the first five million dollars for the June 30,
25 2015, valuation, to the oldest outstanding positive amortization base of the system,
26 excluding any amortization base established to amortize a liability established
27 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete
28 liquidation of such amortization base, any remaining funds shall be applied to the
29 next oldest outstanding positive amortization base until no further funds remain or

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

1 all such bases are completely liquidated. Notwithstanding any provision of this
 2 Subsubitem to the contrary, the maximum amount of excess returns to be applied in
 3 any subsequent year pursuant to this Subsubitem shall equal the prior year's
 4 maximum amount increased by the percentage increase in the system's actuarial
 5 value of assets for the preceding year, if any. For any payment made pursuant to the
 6 provisions of this Subsubitem, if the system is ~~eighty-five~~ eighty percent funded or
 7 greater prior to the application of the funds or if the system is less than eighty
 8 percent funded and the valuation year is equal to 2020 or 2020 plus a nonzero
 9 multiple of five, the net remaining liability net of all payments made since the last
 10 reamortization shall be reamortized over the remaining amortization period with
 11 annual payments calculated as provided in this Item; if the system is less than ~~eighty-~~
 12 ~~five~~ eighty percent funded prior to application of the funds and the valuation year
 13 is not equal to 2020 plus a nonzero multiple of five, the net remaining liability shall
 14 not be reamortized after such application.

15 (bbb) Notwithstanding any provision of law to the contrary, for the June 30,
 16 2016 valuation, the remaining liability net of all payments made pursuant to this
 17 Subitem since the last reamortization shall be reamortized over the remaining
 18 amortization period with annual payments calculated as provided in this Item.

19 (cc) Effective for the ~~June 30, 2019,~~ first system valuation dated on or after
 20 June 30, 2016, in which an allocation is made to the system's experience account and
 21 for each valuation thereafter, actuarial gains allocated to the experience account shall
 22 be amortized as a loss with level payments over a ten-year period.

23 * * *

24 §102.1. Consolidation of amortization payment schedules; Louisiana State
 25 Employees' Retirement System

26 * * *

27 B. Original amortization base.

28 * * *

1 (4)

2 * * *

3 (b) For any payment made pursuant to the provisions of this Paragraph, if the
4 system is ~~eighty-five~~ eighty percent funded or greater prior to the application of the
5 funds or if the system is less than eighty percent funded and the valuation year is
6 equal to 2020 or 2020 plus a nonzero multiple of five, the ~~net~~ remaining liability net
7 of all payments made since the last reamortization shall be reamortized over the
8 remaining amortization period with annual payments calculated as provided in this
9 Subsection or as otherwise provided by law; if the system is less than ~~eighty-five~~
10 eighty percent funded prior to application of the funds and the valuation year is not
11 equal to 2020 or 2020 plus a nonzero multiple of five, the net remaining liability
12 shall not be reamortized after such application.

13 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
14 other provision of law to the contrary, in any year through Fiscal Year 2016-2017 in
15 which the system receives an overpayment of employer contributions as determined
16 pursuant to R.S. 11:102(B)(2) and in any year through Fiscal Year 2016-2017 in
17 which the system receives additional contributions pursuant to R.S. 11:102(B)(5),
18 the amount of such overpayment or additional contribution shall be applied to the
19 remaining balance of the original amortization base established pursuant to this
20 Subsection. For any payment made pursuant to the provisions of this Paragraph, if
21 the system is ~~eighty-five~~ eighty percent funded or greater prior to the application of
22 the funds or if the system is less than eighty percent funded and the valuation year
23 is equal to 2020 or 2020 plus a nonzero multiple of five, the ~~net~~ remaining liability
24 net of all payments made since the last reamortization shall be reamortized over the
25 remaining amortization period with annual payments calculated as provided in this
26 Subsection or as otherwise provided by law; if the system is less than ~~eighty-five~~

1 eighty percent funded prior to application of the funds and the valuation year is not
2 2020 or 2020 plus a nonzero multiple of five, the net remaining liability shall not be
3 reamortized after such application.

4 * * *

5 (7) Notwithstanding any provision of law to the contrary, for the June 30,
6 2016 valuation, the remaining liability net of all payments allocated to the original
7 amortization base since the last reamortization shall be reamortized over the
8 remaining amortization period with annual payments calculated as provided in this
9 Subsection or as otherwise provided by law.

10 C. Experience account amortization base.

11 * * *

12 (4)

13 * * *

14 (b) For any payment made pursuant to the provisions of this Paragraph, if the
15 system is ~~eighty-five~~ eighty percent funded or greater prior to the application of the
16 funds or if the system is less than eighty percent funded and the valuation year is
17 equal to 2020 or 2020 plus a nonzero multiple of five, the ~~net~~ remaining liability net
18 of all payments made since the last reamortization shall be reamortized over the
19 remaining amortization period with annual payments calculated as provided in this
20 Subsection or as otherwise provided by law; if the system is less than ~~eighty-five~~
21 eighty percent funded prior to application of the funds and the valuation year is not
22 equal to 2020 or 2020 plus a nonzero multiple of five, the net remaining liability
23 shall not be reamortized after such application.

24 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
25 other provision of law to the contrary, in any year from Fiscal Year 2017-2018
26 through Fiscal Year 2039-2040 in which the system receives an overpayment of
27 employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year
28 from Fiscal Year 2017-2018 through Fiscal Year 2039-2040 in which the system
29 receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such

1 overpayment or additional contribution shall be applied to the remaining balance of
 2 the experience account amortization base established pursuant to this Subsection.
 3 For any payment made pursuant to the provisions of this Paragraph, if the system is
 4 ~~eighty-five~~ eighty percent funded or greater prior to the application of the funds or
 5 if the system is less than eighty percent funded and the valuation year is equal to
 6 2020 or 2020 plus a nonzero multiple of five, the ~~net~~ remaining liability net of all
 7 payments made since the last reamortization shall be reamortized over the remaining
 8 amortization period with annual payments calculated as provided in this Subsection
 9 or as otherwise provided by law; if the system is less than ~~eighty-five~~ eighty percent
 10 funded prior to application of the funds and the valuation year is not 2020 or 2020
 11 plus a nonzero multiple of five, the net remaining liability shall not be reamortized
 12 after such application.

* * *

14 (7) Notwithstanding any provision of law to the contrary, for the June 30,
 15 2016 valuation, the remaining liability net of all payments made pursuant to this
 16 Subsection since the last reamortization shall be reamortized over the remaining
 17 amortization period with annual payments calculated as provided in this Subsection
 18 or as otherwise provided by law.

19 §102.2. Consolidation of amortization payment schedules; Teachers' Retirement
 20 System of Louisiana

* * *

22 B. Original amortization base.

* * *

24 (4)

* * *

26 (b) For any payment made pursuant to the provisions of this Paragraph, if the
 27 system is ~~eighty-five~~ eighty percent funded or greater prior to the application of the
 28 funds or if the system is less than eighty percent funded and the valuation year is
 29 equal to 2020 or 2020 plus a nonzero multiple of five, the ~~net~~ remaining liability net

1 of all payments made since the last reamortization shall be reamortized over the
 2 remaining amortization period with annual payments calculated as provided in this
 3 Subsection or as otherwise provided by law; if the system is less than ~~eighty-five~~
 4 eighty percent funded prior to application of the funds and the valuation year is not
 5 2020 or 2020 plus a nonzero multiple of five, the net remaining liability shall not be
 6 reamortized after such application.

7 * * *

8 (6) Notwithstanding any provision of law to the contrary, for the June 30,
 9 2016 valuation, the remaining liability net of all payments allocated to the original
 10 amortization base since the last reamortization shall be reamortized over the
 11 remaining amortization period with annual payments calculated as provided in this
 12 Subsection or as otherwise provided by law.

13 C. Experience account amortization base.

14 * * *

15 (4)

16 * * *

17 (b) For any payment made pursuant to the provisions of this Paragraph, if the
 18 system is ~~eighty-five~~ eighty percent funded or greater prior to the application of the
 19 funds or if the system is less than eighty percent funded and the valuation year is
 20 equal to 2020 or 2020 plus a nonzero multiple of five, the ~~net~~ remaining liability net
 21 of all payments made since the last reamortization shall be reamortized over the
 22 remaining amortization period with annual payments calculated as provided in this
 23 Subsection or as otherwise provided by law; if the system is less than ~~eighty-five~~
 24 eighty percent funded prior to application of the funds and the valuation year is not
 25 2020 or 2020 plus a nonzero multiple of five, the net remaining liability shall not be
 26 reamortized after such application.

27 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
 28 other provision of law to the contrary, in any year from Fiscal Year 2009-2010
 29 through Fiscal Year 2039-2040 in which the system receives an overpayment of

1 employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year
 2 from Fiscal Year 2009-2010 through Fiscal Year 2039-2040 in which the system
 3 receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such
 4 overpayment or additional contribution shall be applied to the remaining balance of
 5 the experience account amortization base established pursuant to this Subsection.
 6 For any payment made pursuant to the provisions of this Paragraph, if the system is
 7 ~~eighty-five~~ eighty percent funded or greater prior to the application of the funds or
 8 if the system is less than eighty percent funded and the valuation year is equal to
 9 2020 or 2020 plus a nonzero multiple of five, the ~~net~~ remaining liability net of all
 10 payments made since the last reamortization shall be reamortized over the remaining
 11 amortization period with annual payments calculated as provided in this Subsection
 12 or as otherwise provided by law; if the system is less than ~~eighty-five~~ eighty percent
 13 funded prior to application of the funds and the valuation year is not 2020 or 2020
 14 plus a nonzero multiple of five, the net remaining liability shall not be reamortized
 15 after such application.

* * *

17 (7) Notwithstanding any provision of law to the contrary, for the June 30,
 18 2016 valuation, the remaining liability net of all payments made pursuant to this
 19 Subsection since the last reamortization shall be reamortized over the remaining
 20 amortization period with annual payments calculated as provided in this Subsection
 21 or as otherwise provided by law.

22 Section 2. The cost of this Act, if any, shall be funded with additional employer
 23 contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

24 Section 3. This Act shall become effective on June 30, 2016; if vetoed by the
 25 governor and subsequently approved by the legislature, this Act shall become effective on
 26 June 30, 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 21 Original

2016 Regular Session

Jones

Abstract: Relative to liabilities of state retirement systems, moves up the implementation of 20-year amortization periods for such liabilities and authorizes reamortization of such liabilities once every five years.

Present law establishes the four state retirement systems—the La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Retirement System (STPOL)—and provides for the accounting of and funding for the liabilities of such systems. Proposed law retains present law.

Present law for each state system provides that once the system is 85% funded, new amortization schedules for certain credits and debits shall be reduced from 30 years to 20 years. Proposed law requires immediate reduction of amortization schedule length, phasing-in the 20-year schedules over a five-year period, beginning with the June 30, 2016 valuation.

Present law for each state system provides that once the system is 85% funded, certain liabilities may be reamortized each year. Further prohibits reamortization of such debts prior to attaining an 85% funded ratio. Proposed law changes the threshold for annual reamortization from 85% funded to 80% funded. Further authorizes reamortization of certain debts, net of payments made since the last reamortization, once every five year period prior to attaining an 80% funded ratio.

Present law for each state system requires a 10-year amortization schedule for actuarial gains allocated to the experience account, starting with the June 30, 2019 valuation. Proposed law requires immediate implementation of the 10-year amortization schedule for any gains allocated to the account, starting with the first valuation in which any credit is made to such account.

Proposed law requires that any cost of proposed law be funded with additional employer contributions in compliance with Art. X, Sec. 29(F) of the state constitution.

Effective June 30, 2016.

(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), (viii)(aa)(II), (bb)(II), and (cc), 102.1(B)(4)(b) and (5) and (C)(4)(b) and (5), and 102.2 (B)(4)(b) and (C)(4)(b) and (5); Adds R.S. 11:102.1(B)(7) and (C)(7) and 102.2(B)(6) and (C)(7))