



## 2015 Regular Legislative Session Update No. 8 May 22, 2015

Provided below is a list of bills that were filed for consideration by the Legislature during the upcoming Regular Session which could have a potential impact on you as a retired educator and/or your retirement system.

The bills are listed by subject, and then in numerical order for both the House of Representatives, and then the Senate. LRTA will be providing periodic updates of actions taken by the legislature. These updates are usually prepared every Friday the legislature is in session, and actions taken by the legislature on individual bills will be denoted in **red**.

### PERMANENT BENEFIT INCREASES

#### House Bill No. 42 by Representative Sam Jones

This bill provides for the payment of a permanent benefit increase out of the balance on deposit in the Experience Account to eligible members of the Teachers' Retirement System of Louisiana to begin on July 1, 2015. The benefit increase will be provided to those eligible individuals receiving a benefit from TRSL who have been retired for at least 12 months, and who are at least age 60, on June 30, 2015. The benefit increase will be applied to the first \$60,000 of the annual benefit currently received from TRSL. The benefit increase will also be paid to disability retirees and to the beneficiaries of retirees and disability retirees who would have met the above stated eligibility requirements.

Similar PBIs are authorized for members of the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System and the Louisiana State Police Retirement System.

LRTA will support this legislation.

**Deferred by the House Retirement Committee on April 30. Reported unfavorably by the House Retirement Committee May 14. Passed to a third reading by the full House May 19.**

#### House Bill No. 83 by Representative Patrick Jefferson

This bill provides for the continuation of nutrition assistance for retirees of the four state retirement systems who are at least 80 years of age and whose SNAP benefits are reduced or eliminated due to income gained from the granting of a permanent benefit increase.

LRTA will support this legislation.

## RETURN-TO-WORK RETIREES

### House Bill No. 43 by Representative Harvey LeBas

This bill provides for an increase in the cap a retired teacher is allowed to earn when reemployed as a substitute teacher from 25% to 50% of the annual benefit paid by TRSL to the return-to-work retiree.

LRTA will support this legislation.

Passed by the House Retirement Committee on April 30. Passed by the House of Representatives with amendments on May 12. The amendments gradually increase the salary cap from 25% after the first year of reemployment to 50% in following years. The one year waiting period after retirement remains in effect. Deferred by the Senate Retirement Committee May 18.

### Senate Bill No. 20 by Senator Gerald Long

This bill removes the grandfather provision which currently exists, and allows individuals who retired on or before June 30, 2010 to return to work without suspension of benefits. The bill will also allow school counselors to return to work without suspension of benefits.

LRTA will support this legislation.

Passed by the Senate Retirement Committee on April 20 with amendments. The amendments add school counselors to the critical shortage category and allow retirees serving as substitute teachers under the 25% earnings limit to proctor certain tests. Passed by the Senate on April 27. Passed by the House Retirement Committee on May 14 with an amendment adding education diagnosticians.

## RETIREMENT SYSTEM FUNDING

### House Bill No. 41 by Representative Joseph Harrison

This bill provides for the payment of employer contributions directly to TRSL from the state treasury rather than through the Minimum Foundation Program.

LRTA will monitor this legislation.

This legislation was withdrawn from the files of the House prior to introduction on April 3, 2015.

### House Bill No. 55 by Representative Harold Ritchie and Senator Ben Nevers

This bill is a constitutional amendment that levies a tax on usage at hydrocarbon processing facilities. The provisions of the constitutional amendment stipulate that \$250 million of the tax proceeds each year be dedicated to both the Louisiana State Employees' Retirement System and to the Teachers' Retirement System of Louisiana.

Each year's payment to the systems will be in proportion to the balance of the unfunded accrued liabilities of the systems.

LRTA will support this legislation.

**House Bill No. 562 by Representative Kenny Havard**

This bill proposes to set aside excess nonrecurring revenue collected in any given fiscal year that is not credited to the Budget Stabilization Fund to be allocated to the payment of the initial unfunded accrued liability (IUAL) of TRSL and LASERS.

LRTA will support this legislation.

**Senate Bill No. 14 by Senator Elbert Guillory**

This bill requires that projected noninvestment related administrative expenses for all state retirement systems for any given fiscal year be included as a factor in determining the retirement system's employer contribution rate.

LRTA will support this legislation.

**Voluntarily deferred by the author on April 20.**

**Senate Bill No. 15 by Senator Ben Nevers and Representative Harold Ritchie**

This bill is a constitutional amendment that levies a tax on usage at hydrocarbon processing facilities. The provisions of the constitutional amendment stipulate that \$250 million of the tax proceeds each year be dedicated to both the Louisiana State Employees' Retirement System and to the Teachers' Retirement System of Louisiana. Each year's payment to the systems will be in proportion to the balance of the unfunded accrued liabilities of the systems.

LRTA will support this legislation.

**Senate Bill No. 16 by Senator Elbert Guillory**

This bill provides for technical corrections to Act No. 399 of 2014 dealing with the mechanics of the Experience Accounts held at TRSL and the other three state retirement systems. The bill also removes the prohibition that PBIs cannot be granted in consecutive years.

LRTA will support this legislation.

**Passed by the Senate Retirement Committee on April 20 with amendments. The amendments made technical adjustments to the bill. Passed by the Senate on April 27. Passed by the House Retirement Committee on May 14.**

**Senate Bill No. 18 by Senator Robert Adley**

This bill allows higher education systems (i.e. the LSU system, the State College and University System, the Southern University System) to opt out of TRSL. Opting out of TRSL will require the higher education system to pay TRSL for its proportionate share of existing system liabilities. No additional liabilities in the retirement system can be incurred. The higher education system will then create a new retirement plan for its employees. Funding for the payment of the liabilities may come from any income source including proceeds from the sale of bonds.

LRTA will monitor this legislation.

**A substitute bill was adopted and passed by the Senate Retirement Committee on May 18 with amendments. The substitute bill transfers \$83 million of payment to the IUAL from higher education institutions to local school boards. The amendments provide for a line item appropriation of \$83 million to local school boards to cover the transferred costs in order for the bill to become effective.**

#### RETIREMENT SYSTEM MEMBERSHIP

**House Bill No. 10 by Representative J. Kevin Pearson**

This bill allows a current TRSL member to purchase service credit for time spent teaching in an elementary or secondary nonpublic school that was located in another state and was approved by that state's educational agency during the time the teaching service was rendered.

LRTA will support this legislation.

**Passed by the House Retirement Committee on April 22. Passed by the House of Representatives on April 29. Passed by the Senate Retirement Committee on May 18.**

#### RETIREMENT SYSTEM ADMINISTRATION

**House Concurrent Resolution No. 159 by Representative J. Kevin Pearson**

This resolution establishes the Task Force on State Retirement System Sustainability. Members of the task force are: the speaker of the House or his designee, the president of the Senate or his designee, the chairman of the House Committee on Retirement or his designee, the chairman of the Senate Committee on Retirement of his designee, the commissioner of administration or his designee, a representative of the Public Affairs Research Council, a representative of the Louisiana Society of Certified Public Accountants, the manager of actuarial services for the Legislative Auditor, and two representatives appointed jointly by the four state retirement systems.

The task force's objective will be to study the current funding and benefits of the four state retirement systems and to investigate the need for further legislative reform relative to the retirement systems. The task force shall hold its first meeting no later than July 31, 2015, and shall submit its findings to the speaker of the House and to the president of the Senate no later than January 2, 2016

LRTA will monitor this legislation.

OFFICE OF GROUP BENEFITS

House Bill No. 370 by Representative Chris Broadwater, Representative John Bel Edwards and Representative Robert Shadoin

This bill establishes the Group Benefits Actuarial Committee and requires an annual actuarial study of the premium rate structure. Members of the commission will include the commissioner of insurance, the state treasurer, and the legislative auditor. Rates must be approved by the committee prior to implementation.

LRTA will support this legislation.

**Passed by the House Appropriations Committee with technical amendments on May 4. Passed by the House of Representatives on May 12.**

House Bill No. 643 by Representative J. Kevin Pearson

This bill establishes the State Employer Health Insurance Fund to be managed by the State Treasurer. Monies in the fund shall be appropriated to state agencies to pay the employer portion of the cost to provide health and life insurance benefits to retirees of agencies, departments, boards and commissions of the state.

LRTA will monitor this legislation.

**Voluntarily deferred by the author on April 28.**

Senate Bill No. 260 by Senator Sharon Weston Broome and Senator Daniel Claitor

This bill establishes the Group Benefits Estimating Conference. The estimating conference shall develop official information relating to group health and life insurance planning, premium rates, and budgeting. All plan benefits offered and contracts negotiated to administer the plans must be approved by the appropriate standing legislative committees and through the Administrative Procedure Act. The Group Benefits Policy and Planning Board shall use any official information provided by the Group Benefits Estimating Conference to review and approve benefit plans and rate structures.

This bill also increases the representation of retired educators from one to two representatives on the Group Benefits Policy and Planning Board.

LRTA will monitor this legislation.

**Voluntarily deferred by the co-author on May 4. Passed by the Senate Finance Committee with amendments on May 11, 2015.**

## STATE INCOME TAX EXEMPTIONS

### House Concurrent Resolution No. 57 by Representative Jack Montoucet

This resolution will suspend the exemption from paying state income tax on benefits received from public pension plans. Individuals receiving retirement benefits from one of the state's public employee pension plans would be required to pay state income tax on their retirement benefits. The resolution would be effective upon adoption by the legislature through sixty days after the adjournment of the 2016 Regular Session.

LRTA will oppose this resolution.

### House Concurrent Resolution No. 71 by Representative James Fannin

This resolution will suspend the exemption from paying state income tax on benefits received from public pension plans. Individuals receiving retirement benefits from one of the state's public employee pension plans would be required to pay state income tax on their retirement benefits. The resolution would be effective upon adoption by the legislature through sixty days after the adjournment of the 2016 Regular Session.

LRTA will oppose this resolution.

### Senate Concurrent Resolution No. 2 by Senator Robert Adley

This resolution will suspend for one year the exemption from paying state income tax on benefits received from public pension plans. Individuals receiving retirement benefits from one of the state's public employee pension plans would be required to pay state income tax on their retirement benefits. The resolution would be effective July 1, 2015 through June 30, 2016.

LRTA will oppose this resolution.