



## 2010 Regular Legislative Session Final LRTA Legislative Update July 12, 2010

Provided below is a list of instruments passed by the legislature during the 2010 Regular Session.

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### House Bill No. 229 by Representative Pearson

This bill is a constitutional amendment which provides that any benefit provisions for members of public employee retirement systems which have an actuarial cost to the system shall not be enacted into law except by a 2/3 vote of each house of the legislature.

LRTA monitored this legislation.

**HB 229 was enrolled June 9, 2010. The bill became Act No. 1048.**

### House Bill No. 420 by Representative Leger

This bill provides relative to charter school funding, and has a direct relationship to revenue collected, and the funds utilized by the Orleans Parish School Board for payment of health insurance premiums.

LRTA supported this legislation in accordance with Item No. 6 of the 2010 LRTA Legislative Priorities which supports the payment of insurance costs for retirees.

**HB 420 was enrolled on June 10, 2010. The bill became Act No. 370.**

### House Bill No. 519 by Representative Cortez and others

This bill prohibits a retiree from receiving retirement benefits during a period of re-employment unless the retiree is re-employed in a certified shortage area. A grandfather provision allows those retirees who were re-employed before July 1, 2010 to continue re-employment under the former retiree return-to-work provisions. Amendments adopted to the bill allow certified speech therapists, speech pathologists and audiologists to return to work and continue receiving retirement benefits when they are re-employed in a certified shortage area.

LRTA monitored this legislation.

**HB 519 was enrolled on June 21, 2010. The bill became Act No. 921.**

### House Bill No. 1337 by Representative Robideaux and Representative Tucker and others

House Bill No. 1337 by Representative Joel C. Robideaux and Representative James W. Tucker, and others, changes the method by which retirement benefits are computed by the four state retirement systems using uniform benefit accrual rates set at 2.5% for most covered employees, minimum service and age eligibilities set at 10 years of service at age 60, and final average

compensation periods set at 60 months with a limit of 15% of salary increases in any given year to be used in computing the average salary. Survivor benefits and disability retirement provisions are also addressed. These changes go into effect and govern new employees hired on or after January 1, 2011. Amendments adopted by the House Retirement Committee on May 13, 2010 were proposed and supported by LRTA, and include the continuation of five-year vesting for teachers and the option to retire at any age with twenty years of service. Those members opting to take the early retirement will have an actuarial reduction applied to their benefit as is currently done under existing law. The five-year vesting period and the early retirement option will also be provided to new members of the other three state retirement systems. Amendments adopted by the Senate remove judges from being covered by the legislation.

LRTA supported this legislation in its amended version.

**HB 1337 was enrolled on June 21, 2010. The bill became Act No. 992**

**HCR 224 by Representative Hoffman**

This resolution memorializes Congress to eliminate or reduce the Social Security reductions known as the Government Pension Offset and the Windfall Elimination Provision.

LRTA supported this legislation in accordance with Item No. 12 of the 2010 LRTA Legislative Priorities which supports the repeal of the Government Pension Offset and the Windfall Elimination Provisions of the Social Security Administration.

**HCR 224 was enrolled on June 8, 2010.**

**Senate Bill No. 13 by Senator D. A. "Butch" Gautreaux**

Senate Bill No. 13 provides for the garnishment of public retirement benefits of public servants convicted of certain felonies committed on or after July 1, 2010 to pay certain fines and restitution.

LRTA monitored this legislation.

**SB 13 was enrolled on June 16, 2010. The bill became Act No. 634.**

**Senate Bill No. 134 by Senator D. A. "Butch" Gautreaux**

This bill makes the legislative auditor a voting member of the Public Retirement Systems Actuarial Committee, replacing the legislative actuary, and makes other technical changes.

LRTA monitored this legislation.

**SB 134 was enrolled June 16, 2010. The bill became Act No. 874.**

**Senate Bill No. 191 by Senator D. A. "Butch" Gautreaux**

This bill provides relative to compliance with applicable IRS tax qualification requirements for the Teachers' Retirement System of Louisiana, the Louisiana School Employees' Retirement System and the State Police Pension & Retirement System.

LRTA supported this legislation.

**SB 191 was enrolled June 16, 2010. The bill became Act No. 637.**

**Senate Bill No. 240 by Senator Murray**

This bill allows the Orleans Parish School Board to exclude certain costs, including the employee and employer portions of health insurance benefits for retired employees, from the amount of local funds the board is required to transfer to the Recovery School District. The total amount excluded from transfer cannot exceed \$9 million annually.

LRTA supported this legislation in accordance with Item No. 6 of the 2010 LRTA Legislative Priorities which supports the payment of insurance costs for retirees.

**SB 240 was enrolled June 20, 2010. The bill became Act No. 640.**

**SCR No. 6 by Senator D. A. "Butch" Gautreaux**

This resolution memorializes Congress to eliminate or reduce the Social Security reductions known as the Government Pension Offset and the Windfall Elimination Provision.

LRTA supported this legislation in accordance with Item No. 12 of the 2010 LRTA Legislative Priorities which supports the repeal of the Government Pension Offset and the Windfall Elimination Provisions of the Social Security Administration.

**SCR 6 was enrolled April 15, 2010.**

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In addition to the bills outlined above, two resolutions were passed calling for the conduct of studies by the House and Senate Retirement Committees during the interim.

**House Concurrent Study Request No. 8**

House Concurrent Study Request No. 8 by Representative Tucker requests the House and Senate Retirement Committees to meet jointly to study issues related to investments and board membership of the four state public retirement systems. The findings of the joint committee are to be reported to the legislature not later than 60 days prior to the 2011 Regular Session.

**HCSR 8 was approved on June 21, 2010.**

**Senate Concurrent Study Request No. 4**

Senate Concurrent Study Request No. 4 by Senator D. A. "Butch" Gautreaux, Representative J. Kevin Pearson, and Representative Joel C. Robideaux requests the Senate and House Retirement Committees to meet jointly to study the appropriate manner in which to provide for regular and dependable permanent benefit increases for retirees of the state retirement systems. The joint committee is requested to develop recommendations for the benefit increases for submission to the legislature on or before April 1, 2011.

**SCSR 4 was approved on June 17, 2010.**

Provided below is a list of legislative instruments of interest to LRTA that were deferred during the session.

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**House Bill No. 516 by Representative Arnold**

This bill removes the sunset provision of June 30, 2010 and permanently continues the requirement that the four state retirement systems (including TRSL) direct 10% of commissions of certain domestic equity trades and 10% of certain fixed income trades through certain Louisiana domiciled and incorporated broker-dealers.

LRTA opposed this legislation in accordance with Item No. 7 of the 2010 LRTA Legislative Priorities. The bill has an actuarial cost to TRSL.

**HB 516 was voluntarily deferred by Representative Arnold at the meeting of the House Retirement Committee held on June 2, 2010.**

**House Bill No. 930 by Representative Tucker**

This bill creates a defined contribution retirement plan for all workers enrolled or re-enrolled in the four state retirement systems on or after January 1, 2011. These systems are: Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, Louisiana State Employees' Retirement System, and State Police Pension & Retirement System.

The employer contribution rate for the new plan will be 10% of salary, and the employee contribution will be 5.25% of salary. The defined contribution plans will be governed by the existing boards of trustees, and the boards shall provide members no more than three defined contribution plan providers.

LRTA opposed this legislation in accordance with Item No. 10 of the 2010 LRTA Legislative Priorities.

**HB 930 was voluntarily deferred by Speaker Tucker on May 13, 2010.**

**House Bill No. 931 by Representative Tucker**

This bill is a constitutional amendment authorizing the legislature to create a defined contribution plan for newly enrolled and re-enrolled members of the four state retirement systems. All current constitutional provisions regarding retirement remain in place.

LRTA opposed this legislation in accordance with Item No. 10 of the 2010 LRTA Legislative Priorities.

**HB 931 was voluntarily deferred by Speaker Tucker on May 13, 2010.**

**House Bill No. 1229 by Representative Tucker**

This bill creates the State Retirement System Investment Commission. The commission will consist of the following members:

1. The state treasurer, ex officio, or his designee,
2. One member appointed by the governor,
3. One member of the House of Representatives appointed by the Speaker of the House,

4. One member of the Senate appointed by the President of the Senate,
5. The legislative auditor, ex officio, or his designee,
6. Four members, one appointed by each of the boards of trustees of the state retirement systems.

Each member shall serve a four-year term, except for the designee of ex officio members, if any, whose terms shall be coterminous with the terms of the ex officio members themselves. A person appointed to the commission by the boards of trustees must possess at least one of the following:

1. the Chartered Financial Analyst credential of the CFA Institute,
2. the Certified Financial Planner credential of the Certified Financial Planner Board of Standards,
3. at least ten years of professional securities broker experience,
4. at least ten years of professional actuary experience,
5. at least ten years of professional teaching experience in economics or finance,
6. an earned Ph.D. in economics or finance, or
7. at least ten years of accounting or auditing experience.

All members of the commission shall be considered trustees of the state retirement systems.

The commission will be placed in the Department of the Treasury and shall have the exclusive authority to invest available funds held in trust by the state retirement systems. All of the powers and duties of the boards of trustees of the state retirement systems relative to system investments are transferred to the commission.

LRTA opposed this legislation in accordance with Items No. 8 and 9 of the LRTA Legislative Priorities.

**A substitute bill for HB 1229 was voluntarily deferred by Speaker Tucker on May 27, 2010, and was re-scheduled for a hearing by the House Retirement Committee on June 2, 2010. HB 1229 was voluntarily deferred by Speaker Tucker at the meeting of the House Retirement Committee held on June 2, 2010.**

**Senate Bill No. 602 by Senator D. A. "Butch" Gautreaux**

This bill provides that members who join the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, and the Louisiana School Employees' Retirement System on or after July 1, 2010 will not be eligible for participation in the Deferred Retirement Option Plan (DROP).

LRTA monitored this legislation.

**SB 602 was voluntarily deferred by Senator Gautreaux at the House Retirement Committee meeting held on May 27, 2010.**

**Senate Bill No. 632 by Senator Gautreaux D. A. "Butch" Gautreaux, Senator Ben Nevers and Representative Joel C. Robideaux**

This bill provides for future Permanent Benefit Increases (PBIs) for three distinct groups of members of the four state retirement systems: retirees, current active members, and future members.

**Retirees:** A two percent PBI will be paid to each eligible retiree or beneficiary on January 1, 2017, and on January 1 in each odd numbered year thereafter. To be eligible to receive the PBI, a retiree must have been retired for at least twelve months and shall have attained the age of 62. The PBI will be based on an amount not to exceed the first \$50,000 of the recipient's annual benefit. However, for PBIs paid on or after January 1, 2019, the \$50,000 limit shall be increased by the increase in the CPI-U for the twenty-four month period ending on the June 30 immediately preceding the PBI.

**Current Active Members:** Members whose benefit is based partially on service credit earned before June 30, 2010 and partially on service credit earned after July 1, 2010 shall receive a two percent PBI on January 1, 2021 and on January 1 in each odd numbered year thereafter when the member has been retired for at least twelve months and is at least age 65.

**New Members:** Members whose benefit is based on service credit earned on or after July 1, 2010 shall receive a two percent PBI on January 1, 2021 and on January 1 in each odd numbered year thereafter when the member has been retired for at least twelve months and is at least age 65.

Beginning January 1, 2011, current members belonging to TRSL and new members joining TRSL will begin paying an additional two percent of salary for their future PBIs. Employers will fully fund the PBIs for those members who are retired on or before June 30, 2010. Employers will partially fund the PBIs for those current active members who have service credit earned prior to July 1, 2010. The other portion of the active members' PBIs will be financed by the additional employee contributions. The new members will finance the full amount of their future PBIs from the additional employee contributions. The authority to credit the Employee Experience Account shall cease on June 29, 2010.

LRTA monitored this legislation in accordance with Item No. 3 of the 2010 LRTA Legislative Priorities, which supports a stable PBI provision for retirees as part of the permanent benefit structure of TRSL.

**SB 632 was voluntarily deferred by Senator Gautreaux on May 17, 2010. Senator Gautreaux agreed to offer a study resolution to look into mechanisms that might provide future PBIs. The study will be conducted during the interim.**

**Senate Bill No. 729 by Senator Shaw**

This bill repeals the provisions of Act 497 of 2009 relative to the Employee Experience Account and future COLAs, and restores the account and its funding.

LRTA supported this legislation.

**SB 729 was deferred by the Senate Retirement Committee on May 17, 2010.**

Additional information about these and other bills can be found at [www.legis.state.la.us](http://www.legis.state.la.us), the official web site of the Louisiana legislature.

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