

# 2023 Legislative Highlights

*Legislation Impacting LASERS*

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# Overview

- The LASERS Board took a position to support four bills during the 2023 Regular Legislative Session. Each of these bills passed the legislative process.
- LASERS did not oppose any bill this session.

Bill	Legislator	Description	LASERS Position	Outcome
SB 18	Price/Cortez	COLA Reform	Support	Passed
HB 47	Nelson	UAL – Additional Allocation	Support	Passed
HB 560	Zeringue	FY22-23 Supplemental Appropriations	Support	Passed
HCR 67	Johnson	WEP/GPO Resolution	Support	Passed

# Fiscal Bills

## *Additional Money to LASERS IUAL*

- **Act 397 (HB 560 – Rep. Zeringue)** - Makes supplemental appropriations for Fiscal Year 2022-2023.
  - \$349.4 million allocated to LASERS to apply to the balance of the IUAL.
- **Act 447 (HB 1 – Rep. Zeringue)** - Provides for the ordinary operating expenses of state government for Fiscal Year 2023-2024. As amended, it appropriated \$125 million out of the state general fund to the IUAL, however this appropriation was eliminated by the Governor using his line-item veto power.
- **Excess Mineral Revenues**
  - LASERS will also receive an estimated \$30 million in excess mineral revenues over the next two years.

# Fiscal Bills

## *Additional Money to LASERS IUAL*

**Act 107 (HB 47 – Rep. Nelson)** - Proposes a constitutional amendment that, if approved by voters, would require a minimum of 25% of all nonrecurring state revenues be applied to the UALs of the state systems beginning in FY 24-25.

- Under current law, a minimum of 10% of nonrecurring state revenues are applied to the IUALs of LASERS and TRSL.
- Voters will decide on the constitutional amendment at the statewide election on Oct. 14, 2023.

# COLA Reform

*Act 184 (SB 18 – Sen. Price & Sen. Cortez)*

- Reforms the mechanism by which future cost-of-living adjustments (COLAs) are funded and granted.
- Ends previous method of indirect COLA funding through gainsharing and phases out experience account.
- COLA funding becomes a component of the annual employer contribution rate.
- COLAs granted when there is sufficient funding available and upon legislative approval.

*As the Initial Unfunded Accrued Liability (IUAL) is paid off, employer contributions are expected to decline. Act 184 captures a portion of these, and other expected decreases, to fund COLAs.*

# COLA Reform Amount & Frequency

*Act 184 (SB 18 – Sen. Price & Sen. Cortez)*

- COLAs will be up to 2% of the first \$60,000 of a member's retirement benefit.
- Expected to generate enough funds to grant a COLA ever two to three years.
- Only granted if there is enough funding in the account AND upon legislative approval.
- There is no set time for payment of the first COLA under Act 184.

# COLA Reform Employer Safeguards

*Act 184 (SB 18 – Sen. Price & Sen. Cortez)*

- Deposits into the COLA account are expected to occur every year, unless one of the employer safeguards prevents it.
- Deposits into the account will be reduced or foregone if it would cause the total employer contribution rate to exceed the established cap.

# COLA Reform Eligibility Criteria

*Act 184 (SB 18 – Sen. Price & Sen. Cortez)*

When the first COLA is paid from the new COLA account, eligibility criteria will change.

- Regular retirees will need to be at least age 62 and retired at least two years.
- Disability retirees will need to be retired at least two years, regardless of age.
- COLA eligibility also extends to beneficiaries of retirees who would have met the above criteria, if alive; and survivors of non-retired members who have received a benefit for at least two years and whose benefit was derived from the service of a deceased member who would have been at least age 62.



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# WEP/GPO

## *Resolutions*

- **HCR 67 – Rep. Johnson** - Memorializes congress to review and eliminate the WEP and GPO by supporting H.R. 82 and S. 597 of the 118th Congress.