

Senate File 2238 - Introduced

SENATE FILE 2238

BY SENG

A BILL FOR

1 An Act concerning financing of the municipal fire and police
2 retirement system and providing for an appropriation.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 411.8, subsection 1, paragraph f, Code
 2 2011, is amended by adding the following new subparagraph:
 3 NEW SUBPARAGRAPH. (9) Beginning July 1, 2012, and each
 4 fiscal year thereafter, for members whose membership in
 5 the system first commenced on or after July 1, 2012, an
 6 amount equal to the member's contribution rate times each
 7 member's compensation shall be paid to the fund from the
 8 earnable compensation of the member. For the purposes of this
 9 subparagraph, the member's contribution rate shall be ten and
 10 four-tenths percent. However, the system shall increase the
 11 member's contribution rate as necessary to cover any increase
 12 in cost to the system resulting from statutory changes which
 13 are enacted by any session of the general assembly meeting
 14 after January 1, 1991, if the increase cannot be absorbed
 15 within the contribution rates otherwise established pursuant to
 16 this paragraph, but subject to a maximum employee contribution
 17 rate of eleven and thirty-five hundredths percent. The
 18 contribution rate increases specified in 1994 Iowa Acts, ch.
 19 1183, pursuant to this chapter and chapter 97A shall be the
 20 only member contribution rate increases for these systems
 21 resulting from the statutory changes enacted in 1994 Iowa
 22 Acts, ch. 1183, and shall apply only to the fiscal periods
 23 specified in 1994 Iowa Acts, ch. 1183. After the employee
 24 contribution reaches eleven and thirty-five hundredths percent,
 25 sixty percent of the additional cost of such statutory changes
 26 shall be paid by employers under paragraph "c" and forty percent
 27 of the additional cost shall be paid by employees under this
 28 paragraph.

29 Sec. 2. NEW SECTION. 411.20 State appropriation.

30 1. There is appropriated from the general fund of the
 31 state for each fiscal year an amount to be distributed to the
 32 statewide fire and police retirement system equal to three
 33 and nine-tenths percent of the earnable compensation of all
 34 members. The percentage shall be the normal contribution rate,
 35 as determined by section 411.8, reduced by the percentage

1 rate payable by the participating cities. The method of
2 distribution shall be determined by the board of trustees
3 based on information provided by the actuary of the statewide
4 retirement system.

5 2. Moneys appropriated by the state shall not be used
6 to reduce the normal rate of contribution of any city below
7 seventeen percent.

8 EXPLANATION

9 This bill concerns the financing of the statewide municipal
10 fire and police retirement system.

11 Code section 411.8(1)(f), concerning the contribution rate
12 payable by members of the system, is amended to provide that
13 members whose membership in the system first commenced on
14 or after July 1, 2012, shall pay 10.4 percent of earnable
15 compensation to the system. All other members of the system
16 shall continue to pay 9.4 percent. Current law that provides
17 for an increase in the employee contribution rate under certain
18 circumstances remains unchanged and is made applicable to the
19 members paying the increased 10.4 percent rate.

20 New Code section 411.20 provides that the state shall pay an
21 amount equal to 3.9 percent of the earnable compensation of all
22 members. In 2010, an annual state contribution to the system
23 was repealed and replaced with a set state appropriation to the
24 system for only fiscal years 2010-2011 and 2011-2012.