

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER 1242

HOUSE BILL NUMBER 336

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE An ACT relating to legislators' retirement benefits.

SPONSOR Representative Kay

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT -Impact will be identified in an Actuarial Analysis pursuant to KRS 6.350.

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: General Assembly, Kentucky Retirement Systems, Judicial Form Retirement System

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

| FISCAL ESTIMATES | 2017-2018 | 2018-2019 | 2019-2020 | ANNUAL IMPACT AT FULL IMPLEMENTATION |
|---------------------|-----------|-----------|-----------|--------------------------------------|
| REVENUES | | | | |
| EXPENDITURES | | | | |
| NET EFFECT | | | | |

() indicates a decrease/negative

MEASURE'S PURPOSE: To require all legislators who began participating to earn benefits as members of the Kentucky Employees Retirement System (KERS) rather than as members of the Legislators' Retirement Plan (LRP) after the effective date of the bill, and move all legislators who began participating in LRP after January 2014, to KERS.

PROVISIONS/MECHANICS: Section 1 creates a new section of KRS 6.500 to 6.577 to close LRP to new members and require new legislators to become members of the KERS non-hazardous plan (KERS-NH).

It also shifts members of the LRP hybrid cash balance plan (those who began participating on or after January 1, 2014) to KERS-NH along with their accumulated account balance.

Members of the LRP defined benefit plan (those who began participating before January 1, 2014) would cease accruing additional benefits or paying contributions to LRP and begin accruing benefits and paying contributions to KERS-NH.

Inactive members of LRP (those no longer making contributions but not yet collecting benefits) would be forbidden from using creditable compensation earned from non-legislative service in other state retirement systems for the purpose of increasing their LRP benefits.

Sections 2 to 7 amend various statutes to conform.

FISCAL EXPLANATION: Employer contributions to each of the two retirement systems fluctuate from biennium to biennium based on the financial position of those systems at a point in time, so the relative cost of employer contributions from the move to LRP to KERS is indeterminable.

Regarding administrative costs to each of the systems, there should be minimal to no impact on each system. The new members entering KERS would be a very small percentage of the total number of new members for that system, so there would be no discernible impact. Judicial Form Retirement System's administrative costs would shrink over time due to declining membership, but the trendline of members retiring or losing re-election cannot be determined.

Pursuant to KRS 6.350, an actuarial analysis of this legislation is pending.

DATA SOURCE(S): LRC Staff

PREPARER: Chuck Truesdell **NOTE NUMBER:** 101 **REVIEW:** JAB **DATE:** 2/16/2018