

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3356H.01I
Bill No.: HB 1422
Subject: Judges; Courts
Type: Original
Date: December 27, 2023

Bill Summary: This proposal modifies provisions relating to the retirement of certain judges.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state this proposal has no direct fiscal impact to the JCPER.

According to actuarial information provided by the retirement system, HB 1422 would constitute a “substantial proposed change” in future plan benefits as defined in section 105.660(10). Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from **Missouri State Employee's Retirement System (MOSERS)** state this proposal, if enacted, would increase the mandatory retirement age for judges from age 70 to age 75. The Judicial Retirement Plan, administered by the MOSERS Board of Trustees, contains normal retirement eligibility criteria and is shown below:

Normal Retirement Eligibility	
Judicial Plan <i>Serving prior to 01/01/11</i>	Judicial Plan 2011 <i>First Serving on or after 01/01/11</i>
Age 55 with 20 years of service, or Age 60 with 15 years of service, or Age 62 with 12 years of service	Age 62 with 20 years of service, or Age 67 with 12 years of service

Should the proposed change result in some judges working longer, MOSERS expects there would be some minimal cost savings to the retirement plan. It is unknown how the proposed change, if enacted, would impact member behavior. Therefore, it is very difficult to quantify the cost savings at this point in time.

Officials from the **Office of the State Courts Administrator** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Oversight notes the following information from the JCPER 2023 annual report.

Current Status of Judicial Plan:

As of June 30, 2023

Funded Ratio 31.7%

Market Value of Assets:	\$190,226,755
Actuarial Value of Assets:	\$207,085,203

Liabilities: \$654,242,323
 Unfunded Actuarial Accrued Liability \$447,157,120

Covered Payroll as of June 30, 2023: \$64,660,037

Recommended Contribution Rate for FY 2023: 60.17% of payroll. Employees hired for the first time on or after January 1, 2011 contribute 4% of compensation to the Judicial Plan. Estimated employer contribution is approximately \$39 million.

Oversight assumes, if some judges work longer, this could result in the retirement system experiencing a slight cost savings; however, due to the funded ratio of the Judicial Plan, Oversight assumes this would not result in a reduction in employer contributions. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes that the change in retirement age for judges is contingent on passage of a constitutional amendment.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

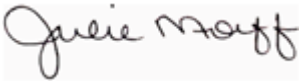
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

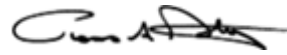
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri State Employee's Retirement System
Joint Committee on Public Employee Retirement
Office of the State Courts Administrator



Julie Morff
Director
December 27, 2023



Ross Strobe
Assistant Director
December 27, 2023