

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

MEASURE

2018 BR NUMBER **1687**

HOUSE BILL NUMBER **406**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to employer funding for the County Employees Retirement System and declaring an emergency.**

SPONSOR **Representative Adkins**

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: _____

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: The purpose of this measure is to phase-in the actuarially required contribution (ARC), consisting of pension and health insurance contributions, employers participating in the County Employees Retirement System (CERS) are required to make.

PROVISIONS/MECHANICS: Section 1 amends KRS 61.565 so that, beginning in fiscal year (FY) 2019 and ending in FY 2023, the contribution employers must make to the CERS cannot increase more than ten percent over the prior fiscal year. Beginning in FY 2024, the full ARC shall be paid. It mandates the Kentucky Retirement Systems Board of Trustees to use the actuarial assumptions, methods, and any other funding policies from the 2017 actuarial valuation for CERS that were adopted by the Board prior to January 1, 2018.

Section 2 mandates the KRS Board of Trustees to establish employer contribution rates for CERS for FY 2018 based on the phase-in requirements in Section 1. *Note: Section 2 inadvertently refers to FY 2017-2018 but should refer to FY 2018-2019.*

Section 3 declares an emergency.

FISCAL EXPLANATION: An actuarial analysis of this legislation is pending and will provide detail regarding the impact, if any, to benefits, the ARC, unfunded actuarial accrued liabilities, and more.

This legislation is not expected to increase expenditures in the Kentucky Retirement Systems as it relates to the agency's restricted fund account.

DATA SOURCE(S): LRC Staff

PREPARER: Zach Ireland **NOTE NUMBER:** 124 **REVIEW:** JAB **DATE:** 2/26/2018