

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3800-01
Bill No.: SB 1033
Subject: Law Enforcement Officers and Agencies; Retirement - Local Government
Type: Original
Date: February 27, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government*	(\$900,000 to \$1,100,000)	(\$900,000 to \$1,100,000)	(\$900,000 to \$1,100,000)

***The St. Louis Police Retirement System has provided an estimate regarding this proposal. The provisions are estimated to increase the Unfunded Actuarial Accrued Liability (UAAL) by approximately \$8,000,000 to \$9,000,000. The estimated increase in employer contributions would be approximately \$900,000 to \$1,100,000 (1.3% to 1.6% of payroll) annually.**

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Retirement** indicates that this legislation does represent a “substantial proposed change” in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of State and 3) the Joint Committee on Public Employee Retirement as public information for at least (5) legislative days before final passage of the bill.

An actuarial cost statement for this legislation has not been filed with the Joint Committee on Public Retirement. It would be impossible to accurately determine the fiscal impact of this proposed legislation without the actuarial cost statement prepared in accordance with Section 105.665.

ASSUMPTION (continued)

Officials from the **Police Retirement System of St. Louis** have calculated a rough estimate of the cost of increasing the Special Advisor's Benefit to \$15.00 per month for each year of age over 60 for current and future retirees.

Note that the estimated cost provided is not based on an actual cost study. An actual study may result in significantly different cost. The cost estimated is based on the data, assumptions, methods and plan provisions to be outlined in their October 1, 2005 valuation report.

Officials from the **St. Louis Metropolitan Police Department** assume they are not required to make these payments. This is an issue for the Police Retirement and the City of St. Louis.

Officials from the **County Employees Retirement System, Local Government Employees Retirement System, and Kansas City Police Retirement System** assume no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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ST. LOUIS POLICE RETIREMENT SYSTEM

<u>Cost - Increased Contributions to Retirement Plan</u>	<u>(\$900,000 to \$1,100,000)</u>	<u>(\$900,000 to \$1,100,000)</u>	<u>(\$900,000 to \$1,100,000)</u>
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TOTAL ESTIMATED NET EFFECT ON ST. LOUIS POLICE RETIREMENT SYSTEM*	<u>(\$900,000 to \$1,100,000)</u>	<u>(\$900,000 to \$1,100,000)</u>	<u>(\$900,000 to \$1,100,000)</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

Currently, retired St. Louis City police officers may be appointed as special advisors for the police retirement board and receive compensation of \$10 per month multiplied by the number of years the retired member is past the age of sixty years. This act increases the dollar amount to \$15 per month.

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

Joint Committee on Public Employee Retirement
Local Government Employees Retirement System
County Employees Retirement System
Kansas City Police Retirement System
St. Louis Police Retirement System
St. Louis Metropolitan Police Department



Mickey Wilson, CPA
Director
February 27, 2006