

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4123-02  
Bill No.: Truly Agreed to and Finally Passed SCS for SB 830  
Subject: Retirement system and Benefits - General; Military Affairs; Law Enforcement  
Officers and Agencies  
Type: Original  
Date: May 16, 2006

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**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government*</b>	<b>(\$86,031)</b>	<b>(\$86,031)</b>	<b>(\$86,031)</b>

**\*The increase in employer contribution to the Kansas City Police Retirement system would be \$81,174 (0.11%) annually. The increase in employer contribution to the Kansas City Civilian Employees' Retirement System would be \$4,857 (0.02%) annually.**

### FISCAL ANALYSIS

#### ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5). However, provisions contained in this proposal will increase the Unfunded Actuarial Accrued Liabilities (UAAL) of the affected systems and result in an increase of annual employer contributions. The impact to the system can only be determined by an actuarial cost statement; however, it is expected to be less than .25% of payroll.

Officials with the **Police Retirement System of Kansas City** assume for both the Police Retirement System of Kansas City, Missouri and the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri that an actuarial estimate of the impact of HB 180 was completed in compliance with Section 105.660 RSMo, even though the impact of HB 180 does not increase the total contribution percentage by at least one quarter of one percent.

ASSUMPTION (continued)

For the Police Retirement System the actuaries assumed that at any one time, five members of the retirement system would be on military leave for a one-year period. To provide creditable service at no cost to the member would increase the computed employer contribution rate by 0.11% or \$81,174 in FY2007.

For the Civilian Employees' Retirement System the actuaries assumed that at any one time, one member of the retirement system would be on military leave for a one year period. To provide creditable service at no cost to the member would increase the computed employer contribution rate by 0.02% or \$4,857 in FY2007.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**KANSAS CITY POLICE AND  
 CIVILIAN RETIREMENT SYSTEM**

<u>Cost</u> - Increased Contributions to Retirement Plans	(\$86,031)	(\$86,031)	(\$86,031)
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<b>TOTAL ESTIMATED NET EFFECT    ON KANSAS CITY POLICE AND    CIVILIAN RETIREMENT SYSTEM*</b>	<b><u>(\$86,031)</u></b>	<b><u>(\$86,031)</u></b>	<b><u>(\$86,031)</u></b>
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**\*The increase in employer contribution to the Kansas City Police Retirement system would be \$81,174 (0.11%) annually. The increase in employer contribution to the Kansas City Civilian Employees' Retirement System would be \$4,857 (0.02%) annually.**

FISCAL IMPACT - Small Business

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

## DESCRIPTION

This act changes provisions regarding military leave for Kansas City police officers and civilian employees. Members of the Police Retirement System of Kansas City and the Civilian Employees' Retirement System of the Police Department of Kansas City who are on leave of absence due to military service in which the United States has declared war, a compulsory draft, or the combat mobilization of any units of the military reserves are entitled to service credit for the time spent in the military service. During their military service, members are not required to pay any member contributions into the retirement system.

Should it becomes necessary for the years of the service to be included in the calculation of the member's compensation, the member will be deemed to have received the same compensation throughout the period of service as the member's base annual salary immediately prior to the commencement of the leave of absence.

Eligible members who are absent because of the military leave are entitled to federal employment and re-employment rights.

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  
Kansas City Police Retirement System



Mickey Wilson, CPA  
Director  
May 16, 2006