

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1412-05
Bill No.: CCS for HCS for SB 283
Subject: Political Subdivisions; Retirement - Local Government; Retirement Systems and Benefits - General
Type: Original
Date: May 6, 2015

Bill Summary: This proposal modifies provisions relating to retirement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 70.600

Officials from the **Joint Committee on Public Retirement** state that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10). This proposal is optional, participation is at the election of the participating political subdivision.

In response to a similar proposal, HB 643, officials from the **Missouri Local Government Employees Retirement System** and the **City of Kansas City** assumed the proposal would not have a fiscal impact on their agency.

Section 70.621

Officials from the **Missouri Local Government Employees Retirement System (LAGERS)** assume the proposal would not have a fiscal impact on their organization. It is anticipated to have no cost or a potential savings to local governments by effectively transitioning legacy plan administration into the LAGERS system thereby taking advantage of the efficiencies and scale of LAGERS. The decision to elect LAGERS administration is voluntary to local governments.

All plans would be reviewed on an individual basis to assess administrative needs in transitioning them into the LAGERS administrative framework. Initial costs, if any, for programming, etc. as well as an additional administrative work will be borne by the legacy plan and not the LAGERS system. These costs would be mutually agreed upon by LAGERS and the local employer prior to LAGERS administrative election. It is anticipated that any legacy plan cost will be more than offset from realized cost savings by LAGERS overall administration.

In response to an earlier version of this proposal, officials from the **Joint Committee on Public Retirement** stated that the legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10). The proposal is permissive in that this proposal is optional. Participation is at the election of the participating political subdivision, after a simple majority vote of the active employees of the prior plan, and agreement with the LAGERS Board of Trustees. As of June 30, 2014, LAGERS administers retirement benefit coverage for 663 political subdivisions in Missouri.

In response to an earlier version of this proposal, officials from **St. Louis County** and the **City of Kansas City** each assumed the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

Sections 86.200, 86.213, 86.237, 86.250, 86.251, 86.257, 86.263, 86.270 and 86.320

Officials from the **Joint Committee on Public Retirement** state that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10).

In response to a similar proposal, officials from the **Kansas City Police Retirement System** and the **St. Louis Police Retirement System** each assumed these provisions would not fiscally impact their respective agencies.

Section 105.669

Officials from the Officials from the **Joint Committee on Public Retirement** state that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10).

In response to a similar proposal, HB 752, officials from the **MoDOT and Patrol Employees Retirement System**, the **Missouri State Employees Retirement System**, the **Office of Administration - Division of Personnel**, and the **Office of the State Courts Administrator** assumed the proposal would not fiscally impact their respective agencies.

Officials from the **Public School and Education Employees Retirement System** assume this section is amended to require employers of any retirement plan to notify the appropriate retirement system and provide information in connection with a felony theft charge or conviction that are committed in direct connection with or directly related to the participant's duties as an employee. This provision has no substantial fiscal or operational impact on their agency.

Officials from the **County Employees Retirement Fund** and the **Police Retirement System of St. Louis** each assume the current proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

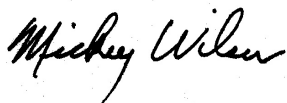
FISCAL DESCRIPTION

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

Joint Committee on Public Retirement
Missouri Local Government Employees Retirement System
St. Louis County
City of Kansas City
Kansas City Police Retirement System
St. Louis Police Retirement System
Public School and Education Employees Retirement System
County Employees Retirement Fund
Missouri Local Government Employees Retirement System



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