

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1122-02
Bill No.: SCS for SB 309
Subject: Retirement - Local Government; Retirement Systems and Benefits - General;
Attorneys; County Officials; Counties
Type: Original
Date: February 17, 2017

Bill Summary: This proposal modifies provisions of the retirement system for prosecuting and circuit attorneys.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| 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 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| 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 2018 | FY 2019 | FY 2020 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement System (JCPER)** stated the proposal may constitute a substantial proposed change in future plan benefits as defined in Section 105.660(10), RSMo. It is impossible to accurately determine the fiscal impact of this proposed legislation without an actuarial cost statement prepared in accordance with 105.665 RSMo.

Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the Missouri 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 of the bill. An actuarial cost statement for this legislation has not been filed with the JCPER.

PACARS Current System Status: (as of July 1, 2015)

| | | |
|------------------|--------------|----------------------|
| Market Value: | \$37,569,238 | Funded Ratio:89.74% |
| Actuarial Value: | \$37,569,238 | Funded Ratio: 89.74% |
| Liabilities: | \$41,865,453 | |

Recommended contribution for 2015/2016: \$1,797,276

Anticipated contribution for 2015/2016:

| | |
|--------------------------------------|------------------|
| Expected Monthly County Contribution | \$ 607,080 |
| Expected \$4 Surcharge Contribution | \$1,237,319 |
| Interest Credit | <u>\$ 63,462</u> |
| Total Anticipated 2015 Contribution | \$1,907,861 |

Current Monthly County Contribution:

| | |
|--------------------|-------|
| 1st Class Counties | \$646 |
| 2nd Class Counties | \$271 |
| 3rd Class Counties | \$187 |
| 4th Class Counties | \$187 |

Covered Payroll: \$9,615,411

ASSUMPTION (continued)

Officials from the **Prosecuting and Circuit Attorney's Retirement System (PACARS)** state they have reviewed the bill, and based on that review, are of the view that the bill was intended by the drafters to be revenue neutral, provided the bill is enacted in its totality.

There are provisions in the bill which clearly increase the anticipated benefits payable to retired members upon their retirement. However, the drafters anticipated that the contributions required by the bill to be made by the members of the System would offset the increases in benefits ultimately payable to them.

The bill also addresses certain issues presented by the current language of Sections 56.800 et seq. For example, the current language now allows members who qualified for a retirement benefit as a part-time prosecutor, and returned to serve as a full time prosecutor, to obtain a retirement benefit of 50% of the final average compensation as a full time prosecutor. These provisions in the bill would make the benefits and the payments into the System correspond. In this way the bill addresses a "loophole" which now allows certain members to qualify for a retirement benefit which costs the System more than the payments into the system would have "paid for".

The bill also addresses transfers of creditable service between the System, and other retirement systems of the State, and whether retirement benefits are payable to fully vested members who return to work as a prosecutor.

Oversight assumes, based on the response from PACARS, that the proposal will have no fiscal impact on PACARS. Oversight also assumes this proposal is not making changes to section 56.807 that would change the monthly contributions from counties or from the City of St. Louis into PACARS; therefore, Oversight will not show a fiscal impact to local governments.

Officials from the **Missouri Local Government Employees Retirement System** assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from **St. Louis County, Platte County Board of Elections** and **Jackson County Elections Board** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal (HCS/SB 639) from 2016, officials from the **City of Columbia** and the **City of Kansas City** each assumed the proposal will have no fiscal impact on their respective organizations.

| <u>FISCAL IMPACT - State Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2018 | FY 2019 | FY 2020 |
|---|------------|------------|------------|
| | <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.

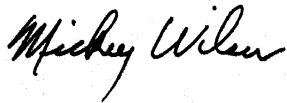
FISCAL DESCRIPTION

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 Employee Retirement
Missouri Local Government Employees Retirement System
Prosecuting and Circuit Attorney's Retirement System
St. Louis County
Platte County Board of Elections
Jackson County Elections Board
City of Columbia
City of Kansas City



Mickey Wilson, CPA
Director
February 17, 2017

Ross Strobe
Assistant Director
February 17, 2017