

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1793S.01I
Bill No.: SB 514
Subject: Political Subdivisions; Retirement - Local Government; Retirement Systems and
Benefits - General
Type: Original
Date: March 9, 2025

Bill Summary: This proposal modifies provisions relating to the Missouri Local Government Employees' Retirement System.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747 and 70.748 - LAGERS

Officials from the **Local Government Employees Retirement System** did not respond to **Oversight’s** request for fiscal impact for this proposal.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume the proposal has no direct fiscal impact to the JCPER. The JCPER’s review indicates it will not affect retirement plan benefits as defined in Section 105.660(9).

In response to a similar proposal, HCS for HB 2431 (2024), officials from the **Local Government Employees Retirement System (LAGERS)** assumed that with the exception of RSMo 70.748, the additional modifications to provisions in RSMo 70.630-70.748 are technical clean-up to the system's existing statutes and are assumed to have no fiscal impact on the system.

LAGERS assumed the additional language in RSMo 70.748 will allow for the pooling of assets for investment purposes of LAGERS' legacy plan, as authorized by RSMo 70.621, and the system's staff plan. The pooling of assets is expected to create administrative efficiencies, which are estimated to reduce the staff plan contribution rate by approximately 5-10% points. Any reduction in the system's administrative costs will ultimately result in more efficient costs for LAGERS employers. At this time, that impact, while positive, is unknown.

Oversight will show a range of impact of \$0 (no savings to member employers) to an unknown savings to employer members of LAGERS.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> – from reduced employer contributions to LAGERS - §70.748	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

LAGERS: MEMBERSHIP (SECTION 70.630 & 70.690)

This act repeals the provision prohibiting membership in LAGERS for employees where continuous employment to the time of retirement eligibility will leave the employee with less than the minimum required number of years of credited service. Additionally, this act provides that in the event a member's membership terminates, any accumulated contributions unclaimed by the member within ten years, instead of three years, shall be transferred to the investment income fund of the system.

LAGERS: COST OF LIVING CPI (SECTION 70.655)

This act provides that cost of living adjustment for LAGERS shall be a measure of the Consumer Price Index as determined by the U.S. Department of Labor and adopted by the Board of LAGERS, instead of the Consumer Price Index for Urban Wage Earners and Clerical Workers.

LAGERS: REPEAL OF OBSOLETE STATUTORY PROVISION (SECTION 70.680)

This act repeals references to obsolete statutory provisions.

LAGERS: INVESTMENT DECISIONS (SECTIONS 70.745, 70.746 & 70.747)

This act provides that the Board of LAGERS may deliberate or make decisions on investments or other financial matters in a closed meeting if the disclosure of such deliberations or decisions would jeopardize the ability to implement a decision or to achieve investment objectives. Furthermore, this act repeals the provision providing that the investment counselor of the Board be registered as an investment advisor with the U.S. Securities and Exchange Commission.

Lastly, this act repeals the limitation that no more than 1/10th of the funds of the system be invested in real estate.

LAGERS: INVESTMENT FUNDS (SECTION 70.748)

This act provides that the Board may establish and maintain a local government employee retirement systems of Missouri investment fund account in which investments of LAGERS may be placed and be available for investment purposes. The funds may be combined with funds of any retirement plan administered by LAGERS and any retirement plan established for providing benefits to employees of LAGERS, but such funds shall be accounted for separately.

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



Julie Morff
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March 9, 2025



Jessica Harris
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March 9, 2025