

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4704-02
Bill No.: HB 1643
Subject: Law Enforcement Officers and Agencies; Military affairs
Type: Original
Date: April 23, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	\$69,821	\$69,821	\$69,821

***The provisions affecting the Kansas City Police Retirement System increase the Unfunded Actuarial Accrued Liability (UAAL) by \$275,000. The increase in employer contribution to the Kansas City Police Retirement system would be \$65,234 (0.10%) annually. The provisions affecting the Kansas City Civilian Employees' Retirement System increase the Unfunded Actuarial Accrued Liability (UAAL) by \$18,000. The increase in employer contribution to the Kansas City Civilian Employees' Retirement System would be \$4,587 (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 that at any one time five members of the retirement system would be on military leave for a one year period. To provide that service credit at no cost to the member would increase the employer contribution rate by 0.10% or \$65,234.

ASSUMPTION (continued)

For the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri 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 that service credit at no cost to the member would increase the employer contribution rate by 0.02% or \$4,587.

Officials with the **Department of Labor and Industrial Relations** assume not fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
-----------------------------------------	---------------------	---------	---------

**KANSAS CITY POLICE AND
 CIVILIAN RETIREMENT SYSTEM**

<u>Cost</u> - Increased Contributions to Retirement Plans	<u>\$69,821</u>	<u>\$69,821</u>	<u>\$69,821</u>
-----------------------------------------------------------	-----------------	-----------------	-----------------

TOTAL ESTIMATED NET EFFECT ON KANSAS CITY POLICE AND CIVILIAN RETIREMENT SYSTEM*	<u>\$69,821</u>	<u>\$69,821</u>	<u>\$69,821</u>
-------------------------------------------------------------------------------------------------------------------	------------------------	------------------------	------------------------

***The provisions affecting the Kansas City Police Retirement System increase the Unfunded Actuarial Accrued Liability (UAAL) by \$275,000. The increase in employer contribution to the Kansas City Police Retirement system would be \$65,234 (0.10%) annually. The provisions affecting the Kansas City Civilian Employees' Retirement System increase the Unfunded Actuarial Accrued Liability (UAAL) by \$18,000. The increase in employer contribution to the Kansas City Civilian Employees' Retirement System would be \$4,587 (0.02%) annually.**

FISCAL IMPACT - Small Business

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

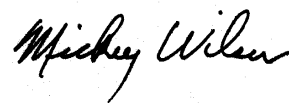
DESCRIPTION

This bill changes the laws regarding military leave for Kansas City police officers and civilian employees. The bill requires members of the Kansas City Police Retirement System and the Kansas City Police Civilian Employees Retirement System 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 to be entitled to service credit for the time spent in the military service. During the military service, members are not required to pay any member contributions into the retirement system. If 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. The bill also specifies that 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
Department of Labor and Industrial Relations
Kansas City Police Retirement System

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA

L.R. No. 4704-02
Bill No. HB 1643
Page 5 of 5
April 23, 2004

Director
April 23, 2004

VL:LR:OD (12/02)