

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1626-01
Bill No.: HB 610
Subject: Law Enforcement Officers and Agencies; Fire Protection; Retirement - Local Government
Type: Original
Date: March 9, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government*	\$0	(Unknown)	(Unknown)

*** This proposal will increase the St. Louis Police Retirement System's Unfunded Actuarial Accrued Liability (UAAL) by an unknown amount and will result in an increase in employer contributions.**

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Retirement** indicates that this legislation does represent a "substantial proposed change" in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of State and 3) the Joint Committee on Public Employee Retirement as public information for at least (5) legislative days before final passage of the bill.

An actuarial cost statement for this legislation has not been filed with the Joint Committee on Public Retirement. It would be impossible to accurately determine the fiscal impact of this proposed legislation without the actuarial cost statement prepared in accordance with Section 105.665.

Officials with the **City of St. Louis** assume this proposal would suggest a significant increase in

ASSUMPTION (continued)

liabilities and annual contributions. Based on the "Rough Cost Estimates", the proposal would increase the Retirement Systems liabilities by \$11 to \$13 million. Furthermore, the annual contribution, provided by the City, would increase annually by \$1.3 to \$1.5 million.

As of 9/30/04 the Police Retirement System reported unfunded liabilities of \$127.7 million dollars, additional benefits being passed in the proposal would increase the unfunded liability by \$11 to \$13 million.

Note that the estimated costs provided are not based on an actual cost study. An actual study may result in significantly different costs.

Officials with the **County Employees Retirement System** and **Kansas City Police Retirement System** assume no fiscal impact to their agency.

A response was not received from the **St. Louis Police Retirement System** and **St. Louis Metro Police Department**.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government*</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Costs - City of St. Louis</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

*** This proposal will increase the St. Louis Police Retirement System's Unfunded Actuarial Accrued Liability (UAAL) by an unknown amount and will result in an increase in employer contributions.**

FISCAL IMPACT - Small Business

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

DESCRIPTION

This bill increases from \$650 to \$1,000 per month the minimum guaranteed benefit payable to retirees and surviving spouses of the Police Retirement System of St. Louis.

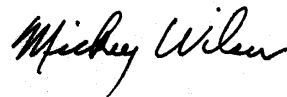
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Local Government Employee Retirement System
County Employee Retirement System
Kansas City Police Retirement System
City of St. Louis

NOT RESPONDING

St. Louis Police Retirement System
St. Louis Metro Police Department



Mickey Wilson, CPA
Director
March 9, 2005