

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0999-01
Bill No.: HB 319
Subject: Fire Protection; Retirement - :Local Government; Retirement Systems and
Benefits - General
Type: Original
Date: February 7, 2007

Bill Summary: Changes various laws relating to firefighter retirement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$1,740,794	\$1,740,794	\$1,740,794

FISCAL ANALYSIS

ASSUMPTION

Officials from the **City of Kansas City** and **Kansas City Firefighters Retirement** assume no fiscal impact to their agencies.

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 been filed with the Joint Committee on Public Employee Retirement.

Officials from the **St. Louis Firemen Retirement** assumed the following:

- The City shall annually pay into the fund an amount equal to the "normal contribution" and an additional amount to be known as the "accrued liability contribution."
- "The normal contribution" shall be determined as the Normal Cost under the Entry Age Normal Funding Method.
- "The accrued liability contribution" shall consist of the amount that will be required to amortize as a level percentage of earnable compensation the unfunded Actuarial Accrued Liability, as determined under the Entry Age Normal Funding Method, over a 30-year period commencing October 1, 2006. Any future increase or decrease in the unfunded Actuarial Accrued Liability resulting from statutory changes shall be amortized as a level percentage of earnable compensation over a 30-year period commencing with the beginning of the fiscal year coincident with or next following the effective date of the statutory change. All other changes in the unfunded Actuarial Accrued Liability subsequent to October 1, 2006, including from experience gains and losses and from changes in actuarial assumptions and methods, shall be aggregated at each actuarial valuation subsequent to October 1, 2006, and shall be amortized as a level percentage of earnable compensation over a 30-year period commencing at that valuation date. The 30-

ASSUMPTION (continued)

year amortization period for the aggregated unfunded liability changes from experience gains and losses and from assumption and method changes shall be reestablished at each valuation date.

"The accrued liability contribution" will cease only when the accumulated reserve in the general reserve fund equals or exceeds the Actuarial Accrued Liability as determined by an actuarial valuation. The City will always be required to contribute "the normal contribution."

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
ST. LOUIS FIREMEN'S RETIREMENT SYSTEM			
<u>Savings</u> - City of St. Louis	<u>\$1,740,794</u>	<u>\$1,740,794</u>	<u>\$1,740,794</u>
TOTAL ESTIMATED NET EFFECT ON ST. LOUIS FIREMEN'S RETIREMENT SYSTEM	<u>\$1,740,794</u>	<u>\$1,740,794</u>	<u>\$1,740,794</u>

FISCAL IMPACT - Small Business

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

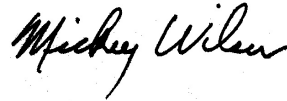
FISCAL DESCRIPTION

The proposed legislation changes various laws relating to firefighter retirement.

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
Kansas City Firefighters Retirement
City of Kansas City
St. Louis Firemen Retirement

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

Mickey Wilson, CPA
Director
February 7, 2007