

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1314-02
Bill No.: HB 568
Subject: Retirement - Local Government; Political Subdivisions; Law Enforcement
Officers and Agencies; Fire Protection
Type: Original
Date: February 28, 2019

Bill Summary: This proposal authorizes political subdivisions to elect to cover certain positions as public safety personnel for purposes of retirement plans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employees' Retirement** assume the proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. Our review of this legislation indicates it would not create a "substantial proposed change" in future plan benefits as defined in Section 105.660(10).

Officials from **Local Government Employees Retirement System (LAGERS)** assume this proposal would require modest programming changes to LAGERS' pension administration system that would result in a one-time cost to the LAGERS system of less than \$5,000. There would be no other fiscal impact to LAGERS.

Oversight notes that LAGERS is not a political subdivision therefore will not reflect an impact to their organization in the fiscal note.

Oversight notes the minimum retirement age for general employees is 60 years of age. Oversight assumes this proposal lowers the minimum retirement age to 55 years of age for certain employees defined as public safety personnel. Oversight assumes there could be an increase in employer contributions for local political subdivisions for employees they elect to cover under the retirement system as public safety personnel who retire at the age of 55 instead of 60. Oversight notes each individual employer electing to add certain employees as public safety personnel would have a actuarial cost statement done to determine if the change would require an increase in the employers contribution rate.

Oversight notes the limitation on increases in employer contribution rates does not apply to contribution increase resulting from this proposal. Additionally, Oversight notes the board can set different rates of contributions employers having policeman members or having fireman members (RSMo. 70.730.4). Oversight is uncertain public safety personnel would qualify as policeman members or fireman members which would allow for a different contribution rate than general employees.

Oversight will show a range of \$0 (no local political subdivisions elect to cover additional employees as public safety personnel) to an unknown cost to local political subdivisions if an increase in employer contributions were needed. Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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LOCAL POLITICAL SUBDIVISIONS

Cost - increase in employer contribution rates for employers who elect to cover certain positions as public safety personnel

\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill authorizes a political subdivision to hold a vote on whether to cover emergency fire and police telecommunicators, jailors, and emergency medical service personnel as public safety personnel members in the Missouri local government employee's retirement system. If the election is made then the minimum retirement age for public safety personnel is 55 years of age.

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



Kyle Rieman
Director
February 28, 2019

Ross Strobe
Assistant Director
February 28, 2019