

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1524H.01P
Bill No.: Perfected HB 701
Subject: Retirement Systems and Benefits - General; Retirement - State; State Employees;
Employees - Employers
Type: Original
Date: March 8, 2021

Bill Summary: This proposal modifies provisions relating to retirement systems.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from **Missouri State Employee's Retirement System (MOSERS)** assume the proposal will have no fiscal impact on their organization. MOSERS states the proposed legislation will provide clarification relative to several statutory provisions related to the retirement systems, Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Patrol Employees' Retirement System (MPERS). Most of these changes are minor modifications and clarifications of the retirement plans that are administrative in nature and intended to clarify and/or eliminate inconsistencies in the law.

There are a couple of proposed provisions that relate solely to MOSERS. First, the amount of service credit a member of the General Assembly or Statewide Elected Official can accrue while on long-term disability will be limited. This modification is to reflect the application of term limits and could result in a de minimis savings to the long-term disability plan. Second, the interest associated with employee contributions within the Judicial 2011 plan is reduced from a fixed 4% to the 52-week Treasury bill rate (currently, about 1.5%). This modification mirrors changes made to the General Employee plan under MOSERS in 2012 (SB 625).

Officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** assume the proposal will have no fiscal impact on their organization. The proposed bill, if enacted, is intended to cleanup a number of statutes related to the retirement systems, MoDOT and Patrol Employees' Retirement System (MPERS) and Missouri State Employees' Retirement System (MOSERS). In large part, the statutes either correct errors (e.g., missing subsections, incorrect cross-references, delete obsolete sections, etc.) or clarify vague or unclear procedures, thereby improving the efficiency of the administration of benefits.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** have reviewed this proposal. This proposal has no fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER assumes that the majority, but not all, of the changes in HB 701 consist of clarifying existing practice in statute, reorganizing statutory provisions, and repealing of obsolete provisions. The JCPER's review of HB 701 would indicate such provisions would not create a "substantial proposed change" in future plan benefits as defined in section 105.660(10), RSMo.

Officials from the **Attorney General's Office, Office of Administration - Budget and Planning, Missouri Department of Transportation, Office of the Governor, Office of the State Auditor, Office of the State Treasurer, Missouri House of Representatives, Missouri Senate** and the **Office of the State Courts Administrator** each assume the proposal will have

no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Missouri House of Representatives** defer to MOSERS on any impact this may have to state employee benefits that must be paid by the state as an employer on behalf of employees/members of the House of Representatives.

Officials from the **Department of Public Safety** defer to the MoDOT & Patrol Employees' Retirement System for the potential fiscal impact of this proposal.

Oversight assumes any fiscal impact resulting from this proposal would not be material and therefore will reflect a zero fiscal impact in this fiscal note.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

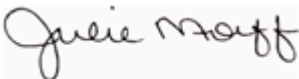
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

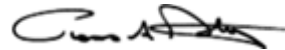
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Office of Administration - Budget and Planning
Department of Public Safety
Missouri Department of Transportation
MoDOT & Patrol Employees' Retirement System
Missouri State Employee's Retirement System
Office of the Secretary of State
Office of the Governor
Office of the State Auditor
Office of the State Treasurer
Missouri House of Representatives
Missouri Senate
Joint Committee on Public Employee Retirement
Office of the State Courts Administrator



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March 8, 2021



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March 8, 2021