

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0468H.011
 Bill No.: HB 934
 Subject: Retirement Systems and Benefits - General; Retirement - Local Government; Law Enforcement Officers and Agencies; Counties; County Officials; Prisons and Jails
 Type: Original
 Date: February 28, 2023

Bill Summary: This proposal modifies provisions relating to funding of the Missouri Sheriffs' Retirement System.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	\$0	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes this proposal changes statutes to allow the General Assembly to appropriate funds to the Sheriffs' Retirement Fund. Oversight cannot estimate the amount the General Assembly would appropriate (if decided to do so) but assumes the amount could potentially exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	\$0	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Joint Committee on Public Employee Retirement (JCPER)** state this proposal has no fiscal impact to the JCPER. The JCPER's review of this proposal indicates that its provisions shall constitute a "substantial proposed change" in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665.

Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **Sheriffs' Retirement System** state the 5% fee collection would raise annually approximately \$0 - \$425,000 depending on how many newly elected sheriffs they have in the state of Missouri. The language does not require current or retired sheriffs currently in the system to contribute the 5% to the retirement fund. The increase in annuity to \$1,000 monthly minimum would cost the system approximately \$20,000 per month or approximately \$240,000 annually. Therefore, the net increase for the Missouri Sheriffs' Retirement System would be (\$240,000) to \$185,000.

Oversight notes the costs and gains assumed by the retirement system may or may not impact the employer contribution rate of local sheriffs. Oversight will show a range of impact to local sheriffs of \$0 (no change in contribution rates) to an unknown savings (reduction in contribution rates) to an unknown cost (increase in contribution rates).

Officials from the **Office of the State Auditor, Legislative Research, Office of the State Courts Administrator** and the **Phelps County Sheriff** 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.

Oversight assumes the General Assembly and the governing body of a county may appropriate funds to the Sheriffs' Retirement Fund.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Costs</u> – an appropriation to the Sheriffs’ Retirement Fund – §57.952	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
SHERIFFS			
<u>Costs</u> – an appropriation from the governing body of a county - §57.952	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs/Savings</u> - from increased or reduced employer contributions - §57.952, §57.961 & §57.967	\$0	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)
ESTIMATED NET EFFECT ON SHERIFFS	\$0	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently the General Assembly and the governing body of a county are prohibited from appropriating funds into the Sheriffs' Retirement System. This bill repeals this provisions and allows the General Assembly and the governing body of a county to appropriate funds for deposit into the Sheriffs' Retirement System. Further, each county is authorized to make the payroll deductions for member contributions and for transmission of the moneys to the Board of Directors to deposit into the Sheriffs' Retirement Fund.

This bill requires each person who becomes a member of the sheriffs' retirement system on or after January 1, 2024, to contribute 5% of the member's pay to the retirement system. The

payment of a member's compensation after deducting the contribution to be made, shall be the full and complete discharge of all claims and demands for services rendered by the member to a county, except for benefits. The bill details the provisions relating to the member contributions including the requirements applicable to vested former members and a beneficiary of any member.

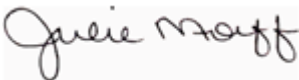
Under current law the percentage of annuity that is paid to a retired member is equal to 2% of the final average compensation multiplied by the number of years of creditable service with an exception that the annuity cannot exceed 75% of the retired member's average final compensation. This bill provides that the annuity shall not be less than \$1,000 per month.

This bill repeals sections relating to the collection of a surcharge in all civil actions filed in the courts of Missouri and in criminal cases based upon the MO Supreme Court's decision that it violates the Missouri Constitution, Art I, section 14.

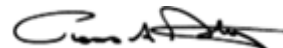
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Sheriffs' Retirement System
Office of the State Auditor
Legislative Research
Office of the State Courts Administrator
Phelps County Sheriff



Julie Morff
Director
February 28, 2023



Ross Strobe
Assistant Director
February 28, 2023