

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2097H.02C  
Bill No.: HCS for HB 976  
Subject: Retirement - Local Government; Retirement Systems and Benefits - General;  
Employees - Employers; Political Subdivisions; Labor and Management  
Type: Original  
Date: March 27, 2025

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- ☐ 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 2026	FY 2027	FY 2028
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, and 70.748 - LAGERS**

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state this proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of this proposal indicates that its provisions may 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.

In response to the previous version, officials from the **Missouri Local Government Employees Retirement System (LAGERS)** assumed that modifications to provisions in RSMo 70.630-70.748 are technical clean-up to the system's existing statutes and will have no impact on the calculation of member benefits or COLAs. Because the changes are technical updates to the statutes, LAGERS assumes this bill would have no negative fiscal impact on the system.

LAGERS assumes the language in RSMo 70.748 would clarify the pooling of assets for investment purposes of LAGERS' legacy plans, as authorized by RSMo 70.621, and also allow for the pooling of the system's staff plan. The pooling of assets is expected to create administrative efficiencies, which are estimated to reduce the staff plan contribution rate by approximately 5-10% points. Any reduction in the system's administrative costs will ultimately result in more efficient costs for LAGERS employers. At this time, that impact, while positive, is unknown.

**Oversight** assumes these provisions could result in a potential decrease in employer contribution rates for local political subdivisions beginning in FY 2026.

#### **Section 105.688 – Closing Records**

Officials from the **University of Central Missouri** assume there will be an indeterminate fiscal impact.

Officials from the **Missouri State Employee's Retirement System, MoDOT & Patrol Employees' Retirement System, University of Missouri, County Employees' Retirement Fund, Kansas City Civilian Police Employees' Retirement, Kansas City Police Retirement System, Kansas City Public School Retirement System, Public Schools and Education Employee Retirement Systems, Sheriffs' Retirement System, St. Louis Employees Retirement System, City of Kansas City, and Northwest Missouri State University** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Savings</u> – potential decrease in employer contributions §70.748	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

#### FISCAL IMPACT – Small Business

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

#### FISCAL DESCRIPTION

This bill repeals the provision prohibiting membership in LAGERS for employees where continuous employment to the time of retirement eligibility will leave the employee with less than the minimum required number of years of credited service. (Section 70.630, RSMo)

The bill provides that the cost of living adjustment for LAGERS must be a measure of the Consumer Price Index as determined by the U.S. Department of Labor and adopted by the Board of LAGERS, instead of the Consumer Price Index for Urban Wage Earners and Clerical Workers. (Section 70.655)

This bill repeals references to obsolete statutory provisions. (Section 70.680)

Under this bill, if a member's membership terminates, any accumulated contributions unclaimed by the member within 10 years, instead of three years, must be transferred to the investment income-expense fund. (Section 70.690).

The bill provides that the Board of LAGERS can deliberate or make decisions on investments or other financial matters in a closed meeting if the disclosure of such deliberations or decisions would jeopardize the ability to implement a decision or to achieve investment objectives. In addition, this bill repeals the provision providing that the investment counselor of the Board be registered as an investment advisor with the U.S. Securities and Exchange Commission. Further, this bill repeals the limitation that no more than one-tenth of the funds and moneys of the system be invested in real estate. (Sections 70.745, 70.746 & 70.747)

The funds can be combined with funds of any retirement plan administered by LAGERS and any retirement plan established for providing benefits to employees of LAGERS, but such funds must be accounted for separately. (Section 70.748)

This bill provides for an investment fiduciary to close records that relate to investments or financial transactions with business entities for investment purposes (Section 105.688).

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

MoDOT & Patrol Employees' Retirement System  
University of Missouri  
City of Kansas City  
County Employees Retirement Fund  
Kansas City Civilian Police Employees' Retirement  
Kansas City Police Retirement System  
Kansas City Public School Retirement System  
Public Schools and Education Employee Retirement Systems  
Sheriff's Retirement System  
St. Louis Employees Retirement System  
Northwest Missouri State University  
University of Central Missouri  
Joint Committee on Public Employee Retirement  
Missouri State Employee's Retirement System



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