

2020 Legislation Directly Impacting the State-Administered Retirement Systems

February 24, 2020

HOUSE BILLS		System Impacted					
Bill/Description	Status	KERS	CERS	SPRS	TRS	LRP	JRP
HB 7 (Reps. Gentry, Flood) Define, authorize, regulate, and tax casino gaming and distribute funding to the state retirement systems for the first 10 years.	to Licensing, Occupations, & Admin Regs (H)	X			X		
HB 89 (Rep. Tipton) Provide that a dually-employed member of KERS or CERS who is participating as both a hazardous duty and nonhazardous shall participate solely as a hazardous duty member unless the member opts out; apply prospectively. HCS (1) Specify that the part-time nonhazardous employment must be with a different participating employer and that the provisions shall only apply to initial employment in a part-time nonhazardous position.	3rd reading, passed House 93-0 with HCS (1); received in Senate; to State & Local Government (S)	X	X				
HB 104 (Rep. Wheatley) Allow a KRS retiree who experiences a qualifying event, including marriage, remarriage, the birth or adoption of a child, or the death of a designated beneficiary, to elect to change beneficiary and optional payment plan within 120 days of qualifying event; in the case of a divorce, annulment, or dissolution of marriage, retiree's estate shall become the beneficiary; expand qualifying events for which a TRS retiree may elect to change his or her beneficiary and optional payment plan to include a birth or adoption of a child; make conforming amendments. HCS (1) Require retirement allowance that results from a retiree changing his or her beneficiary and optional payment plan be actuarially equivalent to the present value of the amount of the retirement allowance payable to the retiree prior to the change. HFA (1) Make Act retroactive to retirees who experienced qualifying event prior to effective date.	reported favorably, 1st reading, to Calendar with HCS (1); 2nd reading, to Rules; posted for passage in the Regular Orders; HFA (1) filed	X	X	X	X		
HB 137 (Rep. Koenig) Apply unallocated proceeds from taxing of sports gambling to Kentucky permanent pension fund under KRS 42.205. HFA 3 Amend Section 4 to clarify that 5% of all funds deposited into the wagering administration fund shall be allocated to the Kentucky problem gambling assistance account prior to any other allocation of moneys from the wagering administration fund, the remaining funds shall be dedicated to the Kentucky permanent pension fund after necessary administrative expenses.	Reported favorably with HCS; 1 st & 2nd reading, to Rules; HFA (1)-(18) filed to HCS	X		X	X		
HB 148 (Rep. Howard) Decriminalize, regulate, and tax the sale of cannabis and apply proceeds 75% to KERS and 25% to TRS unfunded liability until systems reach 100% funding.	to Judiciary (H)	X			X		
HB 171 (Reps. DuPlessis, Sheldon) Change the KERS nonhazardous employer contribution payable on or after July 1, 2020, from a percentage of pay for both the normal cost contribution and the actuarially accrued liability (AAL)	3rd reading, passed 90-0 with HCS (1) and HFA (1)	X					

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contribution to a normal cost that is a percent of pay and an AAL contribution that is a set dollar amount; allocate the set dollar amount for the AAL contribution for KERS nonhazardous funds to each individual employer based upon the employer's percent share of the liability as of the June 30, 2019 actuarial valuation have employers pay in equal monthly installments; establish the Kentucky retirement contribution assistance fund; provide that the purpose of the fund shall be to assist health departments, community mental health centers, and certain other quasi-governmental employers in KERS with financial assistance in paying employer contribution rates to the system; funds to be disbursed by the state budget director and provide criteria for disbursement; make conforming and technical amendments; APPROPRIATION; EMERGENCY; HCS (1) Reset the unfunded liability amortization period for nonhazardous employers in the Kentucky Employees Retirement System to 27 years in the 2019 actuarial valuation (currently 24 years); to remove Section 2 relating to the Kentucky retirement contribution assistance fund; and to make technical and conforming amendments HFA (1) Single rate shall be provided for agencies in the legislative and judicial branch who participate in the KERS; if a KERS employer merges, splits, separates, or establishes a new agency, the systems shall have full authority to allocate the costs to any employer or entity that results from the split, separation, or establishment of a new agency; specify the allocation of retirement costs as provided by the bill in the event an independent health district ceases to exist or has a county to withdraw from the district.	received in Senate; to State & Local Government (S)						
HB 181 (Rep. Gentry) Propose Constitutional Amendment to authorize General Assembly to allow casino gaming; provide that, for 20 years, proceeds from taxation of gaming apply toward unfunded liabilities of KERS, CERS, SPRS, and TRS.	to Elections, Const. Amendments & Intergovernmental Affairs (H)	X	X	X	X		
HB 194 (Reps. J. Miller, DuPlessis) Establish additional requirements for the completion of the actuarial analysis (AA) required for bills pertaining to state-administered retirement systems, including projecting costs/savings over a 30-year period, completing the analysis in a format established by LRC, and requiring the front page of AA to include summary information. HFA (1) Retain original provisions; provide that when the General Assembly is not in session and a pension bill has been pre-filed, LRC shall not transmit the request for an AA unless authorized by the House Speaker or President of the	3rd reading, passed 60-35 with floor amendment (1); received in Senate; to State & Local Government (S)	X	X	X	X	X	X

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Senate; provide that when the General Assembly is in session and a pension bill is filed, the retirement systems or its actuary shall not begin completion of an actuarial analysis on the bill until the LRC director or his or her designee notifies the system that the bill has been posted in committee or will be on a Senate committee agenda.							
HB 207 (Rep. J. Miller) KRS Housekeeping Bill; apply the alternate death calculation to and reinstate the life annuity, 60 months certain, actuarial refund, and Social Security adjustment retirement options as written prior to 2009 legislation; establish a minimum salary increase of 10% plus \$1,000 over the prior year's salary in order for employee anti-pension spiking measures to apply; remove requirement that KRS board election ballots be returned to a KY post office box, rather than out-of-state vendor, remove requirement that ballot counting vendor be an actuarial firm, and make other conforming changes; change period under which reemployment of retiree would void status as a volunteer from 24 months to 12 months consistent with other retired reemployed categories remove requirement that failure to file statement of facts by member and employer will result in no benefits paid in order to conform language to other provisions in chapter; use as maximum the rate for employers participating in the CERS, a factor of 1.12 over the prior fiscal year's contribution rate instead of language referencing projected dollars.	3rd reading, passed 91-0; received in Senate; to State & Local Government (S)	X	X	X			
HB 235 (Rep. Graviss) Repeal the provisions of SB 151 (RS 2018)	to State Government (H)	X	X	X	X	X	X
HB 262 (Rep. Hart et. al.) Permit a state-supported university or community college ceasing participation in KERS nonhazardous plan by June 30, 2020, under the provisions of subsection (8) of KRS 61.522 (2019 SS HB 1/Quasi Bill), to make an election to retain participation in the retirement plan for only its existing Tier I employees and, upon its effective cessation date, cease the participation of its existing Tier II; vary assumed rate of return/discount rate used to determine cessation costs from 3% to 4.5% based upon university/college employers' decisions regarding payment type (lump-sum vs. installments) and based on employee type (Tier I and II) and whether those employees will continue to participate in KERS after June 30, 2020; EMERGENCY	to State Government (H)	X					
HB 270 (Rep. Tipton et al.) Close the Legislators' Retirement Plan (LRP) to new members effective July 1, 2020, and to provide that new legislators shall participate in KERS for the duration of their legislative service; legislators who are also teachers contributing	2nd reading, to Rules; recommitted to	X			X	X	

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to TRS may continue to participate in TRS while serving as a member of the General Assembly; LRP members who entered the plan on or after 1/1/2014 and who are participating in the LRP cash balance plan shall have their account balance transferred to the KERS hybrid cash balance plan and shall prospectively participate in KERS for the duration of their legislative service; provide that legislative changes that are enacted on or after July 1, 2020, for LRP shall not be part of the "inviolable contract"; provide that the LRP benefit factor for the traditional defined benefit plan shall be lowered from 2.75% to 1.97% for service accrued on or after July 1, 2020; provide that non-legislative compensation earned in another state-administered retirement system on or after July 1, 2020, shall not be used to calculate benefits in the Legislators' Retirement Plan; provide that the Judicial Form Retirement System shall not request nor receive any funding for LRP, except for administrative expenses, until such time the LRP plan has an actuarial funding level equal to or less than the KERS nonhazardous pension fund; provide that for any service to the General Assembly that is credited to the KERS, no compensation earned for other covered public employment shall be used to determine the portion of their benefit related to their service to the General Assembly; amend KRS 6.500, 21.402, and 61.680 to conform and to restore/remove language due to a recent court ruling; EMERGENCY.	Appropriations & Revenue (H)						
HB 271 (Reps. Blanton, Santoro) Remove provisions which reduce line of duty (LOD) or duty-related death benefits upon remarriage; establish non-codified sections to: provide that an eligible surviving spouse who has subsequently remarried shall have their benefit increased; provide that an eligible surviving spouse of a member whose death was determined by the systems to be a direct result of an act in LOD or a duty-related injury, but chose to receive monthly death benefits in lieu of LOD benefits, shall receive LOD or duty-related death monthly benefits; provide that Kentucky Retirement System shall establish process by which a surviving spouse of a member who died prior to retirement and prior to April 13, 2018, may apply for LOD death benefits; EMERGENCY.	3rd reading, passed 91-0 with HFA (1); received in Senate; to State & Local Government (S)	X	X	X			
HB 328 (Rep. Nemes) Beginning with the 2021 actuarial valuation, amortize unfunded liabilities of the Judicial Retirement Plan and the Legislators' Retirement Plan over a closed 25-year period, except that: any future legislative changes shall be separately amortized over a closed 20- year period; any future changes in actuarial methods or assumptions shall be amortized over a	to State Government (H); posting withdrawn					X	X

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closed 15-year period; and any future actuarial gains or losses shall be amortized over a 15-year closed period; provide that beginning with the 2021 actuarial valuation, the actuarially accrued liability contribution shall be calculated using the level dollar amortization method.							
HB 352 (Rep. Rudy) State/Executive Branch Budget As introduced: <ul style="list-style-type: none"> KERS/SPRS: KERS NH – 93.01% of pay (includes quasi subsidy below and teacher salary increases); KERS-H – 38.71% of pay; and SPRS 156.97% of pay in FY 21 and 22. Quasi-governmental agencies – Freezes at 67.41% of pay; ineligible to cease participation in KERS; provides varying level of funding relief for categories of MHMR Boards, Local and District Health Departments, state-supported universities and community colleges, domestic violence centers, rape crisis centers, and child advocacy centers TRS: Provides \$1.13 billion for full funding for ARC; pays \$130 million for state's portion of "shared solution" for retirees not eligible for Medicare who retire on or after July 1, 2010; provides additional \$51.5 million in FY 2021 and \$33.0 million FY 2022 to retire previously issued bonds ("shared solution"); provides that TRS retiree health subsidies shall be limited to single coverage (no dependent subsidy). statutory amount ("match/overmatch") in the SEEK budget fully funded for school districts at \$880 million over FY 21 and 22. 	to Appropriations & Revenue (H); posted in committee	X	X	X	X		
HB 401 (Rep. J. Miller) Teachers' Retirement System Housekeeping Bill: <ul style="list-style-type: none"> Permit the electronic signatures; Require all public employers to grant paid leave to teacher trustees serving on the TRS board; specify the types of remuneration included in retirement incentives and that costs billed to employers for retirement incentives shall not be an obligation of the state; retirement incentives shall not increase final average salary or annual compensation; Add insurance to the items for which TRS may contract and delete requirement for the procurement of fiduciary bonds for board trustees and executive secretary and add that the board may expend funds as necessary for indemnification and self-insurance; 	to State Government (H); posted in committee				X		

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<ul style="list-style-type: none"> Automatically designate a TRS member's spouse as beneficiary for an active member's account balance upon employment until changed by the member; declare the member's spouse as beneficiary of the active member's account balance in the event all named beneficiaries predecease the active member or the member fails to designate a beneficiary; Specifically address service credit for contracts exceeding 185 days; Reference new retirement factors for out-of-state service purchases; Specify eligibility requirements for including annual leave credit in the retirement calculation for calendar-year contracts; Provide that full-time sabbatical leave by university staff participating in the TRS shall be deemed full-time employment for retirement purposes; require employee and employer contributions to be paid during the period of sabbatical leave; Adjust the cost schedules of providing statutory benefit improvements for annuitants; Adjust the methods by which participating employers shall file contribution data and set penalties for noncompliance that TRS may impose; Require a refund of prior installment payments and a reduction in service credit for a member in default on installment payments include mediation awards to a method that may be binding for the adjustment of a member's account; Authorize TRS to require more frequent submission of annual reports on reemployed employees by participating employers; Automatically designate a TRS member's spouse as beneficiary for a retired member's remaining account balance at the time of death unless changed by the member; declare the member's spouse as beneficiary of the retired member's remaining account balance in the event all named beneficiaries predecease the retired member or the member fails to name a beneficiary for the account balance; Automatically designate a TRS member's spouse as beneficiary for the life insurance benefit available to active and retired members unless changed by the member; declare the member's spouse as beneficiary of 							

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<p>the life insurance benefit available to active and retired members if, upon the death of the member, all named beneficiaries predecease the member or the member fails to name a beneficiary;</p> <ul style="list-style-type: none"> • Provide detail describing the system's authority to collect overpayments; • Make technical and conforming amendments. 							
<p>HB 402 (Rep. J. Miller) Provide that breaks in service are required before returning to work for the employer even if in a position not covered by TRS; begin running of breaks in service from date of retirement; prohibit prearranged agreements between a retiring member and employer for member to return to work after retirement and require certification thereof; require retired members returning to work for state-supported universities and community colleges to comply with the separation-from-service requirements; reduce the \$500 minimum monthly disability benefit by benefit payments from all state-administered retirement systems for part-time employees and substitute teachers participating in the TRS who apply for disability benefits on or after July 1, 2020, and provide that part-time employees and substitute teachers are not eligible to apply for a disability retirement allowance if they are eligible for an unreduced retirement benefit; provide that members who begin participating on or after July 1, 2020, shall not be eligible for a disability benefit if they are eligible for any unreduced benefit and that they shall have their \$500 minimum monthly disability benefit reduced by benefit payments from all state-administered retirement systems; make conforming and technical changes; EMERGENCY.</p>	<p>reported favorably, 1st reading; 2nd reading, to Rules; posted for passage in the Regular Orders</p>				X		
<p>HB 408 (Rep. Nemes) Establish a goal for the Kentucky Retirement Systems and the Teachers' Retirement System to invest at least 1.5% of fund assets in Kentucky private equity fund investments provided any such investment is consistent with the board's fiduciary responsibility and duties; define Kentucky private equity fund investments as an entity that makes, manages, or sources potential investments in Kentucky businesses from individuals or institutional investors; establish requirements for the systems to notify the business community of potential investment opportunity with the systems; require reporting to the Legislative Research Commission on progress toward the goal of investment system assets in Kentucky private equity funds.</p>	<p>to State Government (H)</p>	X	X	X	X		

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HB 412 (Rep. Blanton et al) Increase minimum total and permanent in line of duty or duty-related disability (LOD) benefits payable to a member of any of the systems administered by the Kentucky Retirement Systems from 25% to 75% of the member's monthly average pay; amend define "monthly average pay" as it relates to total and permanent LOD disability benefits; amend the definition of "dependent child" as it relates to total and permanent LOD disability; ensure full hospital and medical insurance benefits for the member, spouse, and dependents of a member who has a total and permanent in LOD disability; provide for prospective adjustments in benefits for those eligible members who were totally and permanently disabled in LOD injury; EMERGENCY.	to State Government (H)	X	X	X			

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SENATE BILLS		System Impacted					
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SB 6 (Sen. Thayer et al.) Eliminate legislative “bump-up” by providing that non-legislative compensation earned in another state-administered retirement system on or after July 1, 2020, not be used to calculate benefits in the Legislators' Retirement Plan; EMERGENCY.	3rd reading, passed 35-0-2; received in House; to State Government (H); posted in committee					X	
SB 88 (Sen. Schroder) Permit a state-supported university or community college ceasing participation in KERS nonhazardous plan by June 30, 2020, under the provisions of subsection (8) of KRS 61.522 (2019 SS HB 1/Quasi Bill), to make an election to retain participation in the retirement plan for only its existing Tier I employees and, upon its effective cessation date, cease the participation of its existing Tier II; vary assumed rate of return/discount rate used to determine cessation costs from 3% to 4.5% based upon university/college employers' decisions regarding payment type (lump-sum vs. installments) and based on employee type (Tier I and II) and whether those employees will continue to participate in KERS after June 30, 2020; EMERGENCY.	to State & Local Government (S)	X					
SR 93 (Rep. Adams) Confirm the reappointment of Patrick Kelly Downard to the board of trustees of the Kentucky Retirement Systems for a term expiring June 17, 2023.	adopted 34-0	X	X	X			
SR 101 (Rep. Adams) Confirm the reappointment of Frank Edward Collecchia to the board of trustees of the Teachers' Retirement System for a term expiring March 10, 2023.	adopted 34-0				X		
SB 145 (Sen. McGarvey, Adams, Thomas) Propose to amend Section 226 of the Constitution of Kentucky to authorize the General Assembly to define, permit, oversee, and regulate all forms of otherwise-permissible gaming; provide for the oversight and control of gaming by an administrative body funded by license fees and taxes levied on gaming; prior to July 2040, require 100% of gaming proceeds, in excess of the amount used to pay for an oversight administrative body of gaming, to go to the retirement systems; provide ballot language; submit to voters for ratification or rejection.	to State & Local Government (S)	X			X		
SB 176 (Sen. Higdon) Repeal, reenact, and amend KRS 18A.245 and repeal and reenact KRS 18A.262 to establish conflict of interest provisions for trustees of the Kentucky Public Employees' Deferred Compensation Authority; Define financial planning, further provide guidance on advice provided to participants, and authorize the promulgation of administrative regulations; clarify	to State & Local Government (S)						

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auto enrollment provisions and authorize the promulgation of administrative regulations for implementation.							
SB 172 (Sen. Parrett) Require the KRS to apply reciprocity for a person retiring for a second time after waiving retirement benefits to return to a full-time position covered by TRS; allow the member to use omitted service credit for determining eligibility and the amount of benefits upon subsequent retirement; make the provision retroactive to retirements on or after December 31, 2009; require the KRS and TRS to recalculate the retired person's benefits as if the service obtained had been purchased prior to retirement.	to State & Local Government (S)	X	X	X	X		
SB 192 (Sen. Westerfield) Provide that a mayor or member of a city legislative body who is at least 62 years of age and eligible to retire from the CERS shall not be required to resign from his or her position as mayor or member of a city legislative body in order to begin drawing benefits from the system; provide that no additional benefits will be accumulated with any employer after the mayor's or city legislative body member's effective retirement date.	introduced in Senate		X				
SB 196 (Sen. Adams) Proposing various changes to the Kentucky public employees healthcare system, including deleting reference to Kentucky Kare standard and adding an employee of the Kentucky Retirement System, an employee of the Teachers' Retirement System, and a representative of any quasi-governmental group with 20 or more employees to the Group Health Insurance Board.	introduced in Senate	X	X	X	X		