 **Daniel Venters, Chairman**

**JUDICIAL FORM RETIREMENT SYSTEM** Board of Trustees

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN **Bo Cracraft**

 Executive Director

February 28, 2023

Ms. Katie Carney

Director’s Office

Legislative Research Commission

Capitol Annex, Room 104

Frankfort, KY 40601

**RE: HB 551 - AN ACT relating to wagering and making an appropriation therefor.**

**AA Statement 4 and 5 of 5**

Dear Ms. Carney:

Judicial Form Retirement System (JFRS) staff have reviewed **HB 551 (BR 812)**, which proposes to create a new

Kentucky Revised Statute Chapter 230 that would establish a sports wagering administration fund within the State Treasury. The legislation provides that a portion of any excess funds remaining in the administration fund, after oversight costs, are allocated to the Kentucky permanent pension fund established in KRS 42.205.

Staff have determined **HB 551 (BR 812)** would not increase or decrease benefits, or increase or decrease participation in benefits, or change the current actuarial liability of either plan administered by JFRS. The legislation, if passed, would appear to have the potential to create an additional source of revenue, which could be used to address unfunded actuarial liabilities. However, the bill does not outline how any such funds would be distributed amongst state-administered retirement plans, so it is unclear if any plans administered by JFRS would be impacted.

In compliance with KRS 6.350(2)(c), the Judicial Form Retirement Systems (the agency in charge with the administration of JRP and LRP) certifies the following:

1. There has no individuals affected. As of June 30, 2021, there were a total of 601 individuals participating in JRP and 393 individuals participating in LRP.
2. There is no change in benefits.
3. There is no change to current employer costs. Additional revenue could reduce future employer costs depending on allocation process and amount of funds received.
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of **HB 551 (BR 812)** by the Systems’ independent actuary. Please let me know if you have any questions regarding this analysis.

Sincerely,

Bo Cracraft

Executive Director

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