

**Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2016 Regular Session**

Part I: Measure Information

Bill Request #: 866

Bill #: SB 147

Bill Subject/Title: AN ACT relating to retirement benefits for local elected officials and declaring an emergency

Sponsor: Senator Ray Jones, II

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local
Government

Office(s) Impacted: Fiscal court

Requirement: Mandatory Optional

Effect on

Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Purpose and Mechanics

The purpose of SB 147 is to allow a retiree from the Kentucky Employee Retirement System (KERS), County Employee Retirement System (CERS), or the State Police Retirement System (SPRS), all administered by the Kentucky Retirement Systems (KRS), to serve as an elected city official without forfeiting their retirement benefits. Many Kentucky cities participate in the CERS and city elected officials are also eligible to participate. Under current law, if a KERS or SPRS retiree is elected to a position in a city that participates in CERS, he or she must forego their KERS or SPRS retirement benefit, creating a disincentive for retirees to serve. SB 147 would eliminate that requirement. Section 1 of the bill would amend KRS 61.637 to provide that a mayor or member of a city legislative body who has no service credit in the CERS but is eligible to retire from one of the other retirement systems administered by KRS due to employment other than as a mayor or city legislative body member, is not required to resign his or her city position in order to begin drawing benefits from any of the non-CERS retirement systems. Section 2 of the bill would amend KRS 78.540 to provide that a city elected official may make an election not to participate in nor receive benefits from the CERS due to his or her service as mayor or city legislative body member.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

SB 147 may have a minimal positive fiscal impact on cities that participate in the County Employees Retirement System.

Under current law, if the city mayor or city legislative body member is considered a full-time city employee, the city participating in CERS must contribute for them. This is generally not a major city expense since city mayors and legislative body members generally do not make much money in Kentucky, so the employer contributions would be lower than almost all other full-time equivalent city employees. The bill, though, would allow city mayors and city legislative body members required to participate in CERS through other covered employment to decline participation in CERS in their elected capacity. If declined, that would have a minimal positive financial impact on the city because it would then not be required to contribute to CERS for those elected officials.

Data Source(s): LRC staff, Kentucky League of Cities

Preparer: Mary Stephens **Reviewer:** JWN **Date:** 3/17/16