



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Interim Executive Director

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March 3, 2017

Ms. Katie Carney
Executive Assistant, Director's Office
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

RE: Senate Bill 204 (2017 RS BR 435)
AA Statement Required by KRS 6.350
AA Statement 1 of 2

Dear Ms. Carney:

Senate Bill 204 (2017 RS BR 435) would amend Section 226 of the Constitution of Kentucky to define and permit casino gaming. Prior to July 1, 2028 the bill would require that 100% of the proceeds generated from licensing fees and taxation of casinos and casino gaming go to the Kentucky Employees Retirement System (KERS) Nonhazardous pension fund, the KERS Hazardous pension fund, and the Kentucky Teachers' Retirement System pension fund in amounts the General Assembly determines best meet the needs of the respective funds at that time, after administrative expenses to pay for the oversight of casino gaming are deducted. If the bill passes, Kentucky voters would decide to ratify or reject the amendment to the state Constitution.

Kentucky Retirement Systems staff members have examined Senate Bill 204 (2017 RS BR 435) and have determined that the bill will not increase or decrease benefits or the participation in benefits in any of the retirement systems administered by Kentucky Retirement Systems. Senate Bill 204 (2017 RS BR 435) could potentially decrease the actuarial liability of the KERS Nonhazardous pension plan and the KERS Hazardous pension plan while proceeds from casino gaming continue to be dedicated to the funds. The amount of the decrease would depend upon the amount of money allocated to the funds, which is likely to vary in amount every year.

We have not requested any further actuarial analysis of Senate Bill 204 (2017 RS BR 435) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 204 (2017 RS BR 435).

Sincerely,

A handwritten signature in cursive script that reads "David Eager".

David L. Eager

Interim Executive Director, Kentucky Retirement Systems