



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Interim Executive Director

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February 6, 2018

Ms. Katie Carney
Office of Fiscal Statement Review
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

**RE: BR 197 HB 42 – Revised
AA Statement 1 of 2
AA Statement Required by KRS 6.350**

Dear Ms. Carney:

House Bill 42 (2018 RS BR 197) proposes to amend Section 226 of the Constitution of Kentucky to define and permit casino gaming, and requires that 100 percent of the proceeds in excess of oversight costs be allocated to the Kentucky Employees Retirement System Non-Hazardous pension fund (KERS Nonhaz), the Kentucky Employees Retirement System Hazardous pension fund (K Haz), and the Kentucky Teachers' Retirement System in amounts determined by the General Assembly prior to the fiscal year beginning July 1, 2029.

Kentucky Retirement Systems staff members have consulted with their actuaries and have examined House Bill 42 (2018 RS BR 197). We 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. House Bill 42 (2018 RS BR 197) could potentially reduce the actuarial liability of the KERS Nonhaz and KERS Haz pension plans administered by Kentucky Retirement Systems, as passage of the bill and its potential ratification by the voters of the Commonwealth would create a new revenue stream for those funds.

In accordance with KRS 6.350 (2)(c), Kentucky Retirement Systems certifies the following:

1. The estimated number of individuals affected as of June 30, 2017 are 36,725 active and 44,848 inactive members in the KERS Nonhaz plan; and 4,061 active and 4,363 inactive members in the K Haz pension plan;
2. There is no estimated change in benefit payments;
3. There is no estimated change to employer costs; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 42 (2018 RS BR 197) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 42 (2018 RS BR 197).

Sincerely,

A handwritten signature in black ink that reads "David Eager". The signature is written in a cursive, flowing style.

David L. Eager
Interim Executive Director
Kentucky Retirement Systems