Local Government Mandate Statement Kentucky Legislative Research Commission 2018 Regular Session

Part I: Measure Information

| Bill Request #:465 | | | | | |
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| Bill #: SB 113 GA | | | | | |
| Document ID #: 86 | | | | | |
| Bill Subject/Title: AN ACT relating to retirement benefits for local elected officials and declaring an emergency. | | | | | |
| Sponsor: Senator Whitney H. Westerfield | | | | | |
| Jnit of Government: X City County Urban-County Unified Local Classic Clascic Classic Classic Clascic Classic Classic Classic Clascic Class | | | | | |
| Charter County Consolidated Local Government | | | | | |
| Office(s) Impacted: city retirement contributions | | | | | |
| Requirement: <u>X</u> Mandatory Optional | | | | | |
| Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing | | | | | |

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

Many Kentucky cities participate in the County Employees Retirement System (CERS), which is one of the retirement systems administered by the Kentucky Retirement Systems, and city elected officials are also eligible to participate. Under current law, KRS 61.637 provides that a mayor or member of a city legislative body (city legislator) who has not participated in the CERS prior to retirement may draw a retirement benefit from the Kentucky Employees Retirement System (KERS) or the State Police Retirement System (SPRS) without having to resign their elected position. They, and their employer on their behalf, though, are required to contribute to the CERS for their elected service unless they decline such coverage before their participation in CERS as an elected official. If a CERS retiree is elected to a position in a city that participates in CERS, KRS 61.637 currently requires he or she must forego their CERS retirement benefit, creating a disincentive for retirees to serve.

Section 1 of SB 113, would allow a retiree from the CERS to serve as an elected city official without forfeiting their retirement benefits. It would amend KRS 61.637 to provide that a mayor or city legislator who has no service credit in the CERS for his or her service as mayor or city legislator but is otherwise eligible to retire from a retirement system administered by KRS (including the CERS) due to employment other than as a mayor or city legislator, is not required to resign his or her city position in order to begin drawing retirement benefits.

Section 2 of the bill would amend KRS 78.540 to establish that, if KRS determines that a mayor or city legislator *is* required to participate in the CERS because of other covered employment in the CERS, or because they failed to decline participation, still may *elect* to neither participate nor receive benefits from the CERS because of their service as mayor or city legislator. If a mayor or city legislator makes such an election neither they nor their employer would be required to make contributions to CERS for their service as mayor or city legislator.

SB 113 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 generally is not a major city expense since city mayors and legislative body members generally do not make much money in Kentucky, so 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.

Part III: Differences to Local Government Mandate Statement from Prior Versions

The GA version to this bill does not have any changes from the bill as introduced. There were no committee substitutes or floor amendments adopted.

| Data Source(s): | LRC staff, Kentucky League o | <u>f Cities</u> | | |
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| Preparer: Mary | Stephens Reviewer: | КНС | Date: | 3/19/18 |