

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1047**

SENATE BILL NUMBER **92**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to pensions for city employees.**

SPONSOR **Senator Ridley**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT:

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES				
NET EFFECT				

() indicates a decrease/negative

MEASURE’S PURPOSE: The measure provides former third class cities with the option, but not the obligation, to use alternative methodologies for calculating increases in pension payments to retirees, policemen, and firefighters to allow those benefits to keep pace with inflation.

PROVISIONS/MECHANICS: Section 1 amends KRS 90.410 to allow the use of Social Security cost-of-living adjustments to retirement benefits for civil service employees hired by cities prior to August 1, 1998. Current law only allows for the use of changes to the consumer price index as calculated by the Department for Local Government (DLG) to adjust retirement benefits.

Section 2 amends KRS 95.560 to allow the use of increases in the consumer price index as calculated by the DLG to increase retirement benefits for policemen and firefighters. Current law only allows for the use of Social Security cost-of-living adjustments to adjust retirement benefits.

Section 3 amends KRS 95.624 to allow the use of increases in the consumer price index as calculated by the DLG to increase retirement benefits for policemen and firefighters participating in alternate pension plans. Current law only allows for the use of Social Security cost-of-living adjustments to adjust retirement benefits.

FISCAL EXPLANATION: The measure does not increase or decrease state revenues or expenditures. The measure provides former third class cities with the option of using alternate methodologies for calculating increases in pension benefits. The impacts to local governments are addressed separately in a Local Government Mandate Statement. Additional information regarding the pension plans which would be subject to the alternate methodology for calculating increases, see *LRC Publication 411, Local Defined Benefit Pension Plans in Kentucky* adopted June 11, 2015.

DATA SOURCE(S): Local Mandate, LRC Publication 411

PREPARER: David Talley **NOTE NUMBER:** 59 **REVIEW:** JAB **DATE:** 1/19/2018