



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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February 11, 2019

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

RE: House Bill 188 (2019 RS BR 461)
AA Statement Required by KRS 6.350
AA Statement 1 of 2

Dear Ms. Carney:

House Bill 188 (2019 RS BR 461) proposes to create a new section of Kentucky Revised Statute 260 to establish the cannabis distribution trust fund within the State Treasury and, for ten (10) years after the effective date of the Act, distribute amounts deposited in the fund in excess of the operating expenses of the Office of Cannabis Control to the Kentucky Employees Retirement System Non-Hazardous pension fund (KERS Nonhaz), the Kentucky Employees Retirement System Hazardous pension fund (KERS Haz), and the Kentucky Teachers' Retirement System in amounts the General Assembly determines best meet the needs of those funds.

Kentucky Retirement Systems staff members have examined House Bill 188 (2019 RS BR 461). 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 188 (2019 RS BR 461) could potentially reduce the unfunded actuarial liability of the KERS pension plans administered by Kentucky Retirement Systems, as passage of the bill 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, 2018 are 34,845 active and 45,768 inactive members in the KERS Nonhaz plan; and 3,963 active and 4,716 inactive members in the KERS Haz plan;
2. There is no estimated change in benefit payments;
3. The additional revenue generated by House Bill 188 (2019 RS BR 461) would reduce employer costs; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 188 (2019 RS BR 461) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 188 (2019 RS BR 461).

Sincerely,

A handwritten signature in black ink that reads "David Eager". The signature is written in a cursive style with a large, sweeping initial 'D'.

David L. Eager
Executive Director
Kentucky Retirement Systems