COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2019 REGULAR SESSION

MEASURE

2019 BR NUMBER 0882 HOUSE BILL NUMBER 268/GA

TITLE AN ACT amending the 2018-2020 executive branch biennial budget, making an appropriation therefor, and declaring an emergency.

SPONSOR Representative Steven Rudy

FISCAL SUMMARY

STATE FISCAL IMPACT: ☒ YES ☐ NO ☐ UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ☒ ACTUARIAL ANALYSIS ☐ LOCAL MANDATE ☐ CORRECTIONS IMPACT ☐ HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: All KERS Non-Hazardous state agencies

FUND(S) IMPACTED: ☒ GENERAL ☒ ROAD ☒ FEDERAL ☒ RESTRICTED _____

FISCAL ESTIMATES	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES	$290,000	$25,181,500	$153 million
NET EFFECT	($290,000)	($25,181,500)	($153 million)

( ) indicates a decrease/negative

PURPOSE OF MEASURE: The measure appropriates debt service on new bonds for the Department of Parks and the Cabinet for Economic Development, additional funding for four postsecondary institutions, expands eligibility for a grant program within the Department of Tourism, allows Kentucky State University to dispose of property and retain the proceeds, and sets employer contribution rates for quasi-governmental entities in the Kentucky Employee Retirement System (KERS).

FISCAL EXPLANATION: Sections 1 and 3 appropriate a total of $3,181,500 to cover a half-year of debt service on 20-year tax-exempt bonds totaling $75 million for the Department of Parks and the Cabinet for Economic Development. The total amount needed for debt service in future years is projected to be $6,363,000.

Section 5 sets employer contribution rates for quasi-governmental entities in the KERS. Because the state General Fund appropriation to those entities for that purpose is not changed there is no fiscal impact in the 2018-2020 fiscal biennium. However, the actuarial analysis prepared by Kentucky Retirement Systems indicates that the pattern of capping the contribution rate for quasi-governmental entities would require the assumption of an increase in the KERS Non-Hazardous contribution rate of state agencies, from 84.0 percent of pay to 95.8 percent of pay. Based on an anticipated payroll of $1.18 billion, this would result in added pension costs of $134.2 million in Fiscal Year 2020-2021 and $146.4 million in future fiscal years. These funds would come from a roughly equal mix of General Fund and other resources, with the exact percentage varying each year.

Section 6 and Sections 8-11 appropriate $22,290,000 to various postsecondary institutions for particular uses.

There would be a potential negative impact to the General Fund in Section 7, which allows Kentucky State University to dispose of real property and improvements and retain the proceeds rather than direct those proceeds to the General Fund. The impact would depend on whether the property was disposed of in the current fiscal biennium, and the amount the property was sold for.

DATA SOURCE(S): **Kentucky Retirement Systems, LRC Staff**
PREPARER: **Chuck Truesdell** **NOTE NUMBER**: **117** **REVIEW**: **JAB** **DATE**: **2/27/2019**