



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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February 14, 2019

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

RE: House Bill 348 (2019 RS BR 1782)
AA Statement Required by KRS 6.350
AA Statement 1 of 2

Dear Ms. Carney:

House Bill 348 (2019 RS BR 1782) proposes to amend Section 226 of the Constitution of Kentucky to authorize the General Assembly to define and permit casino gaming; require that proceeds be used to pay for oversight of casino gaming; prior to July 1, 2030, mandate that 100 percent of proceeds in excess of oversight costs go 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; and, after July 1, 2030, the bill would allow the General Assembly to allocate proceeds after oversight costs. If passed, the bill would require the amendment to be submitted to the voters of the Commonwealth for their ratification or rejection.

Kentucky Retirement Systems staff members have examined House Bill 348 (2019 RS BR 1782). 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 348 (2019 RS BR 1782) could potentially reduce the unfunded actuarial liability of the KERS pension plans administered by Kentucky Retirement Systems, as passage of the bill and ratification of the amendment by Kentucky voters 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, 45,768 inactive, and 42,175 retired members in the KERS Nonhaz plan; and 3,963 active, 4,716 inactive, and 3,010 retired members in the KERS Haz plan;
2. There is no estimated change in benefit payments;
3. The additional revenue generated by House Bill 348 (2019 RS BR 1782) 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 348 (2019 RS BR 1782) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 348 (2019 RS BR 1782).

Sincerely,

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

David L. Eager
Executive Director
Kentucky Retirement Systems