



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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February 13, 2019

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

RE: Senate Bill 105 (2019 RS BR 1152)
AA Statement Required by KRS 6.350
AA Statement 1 of 2

Dear Ms. Carney:

Senate Bill 105 (2019 RS BR 1152) proposes to amend Section 226 of the Constitution of Kentucky to authorize the General Assembly to define, permit, oversee, and regulate all forms of otherwise permissible gaming; provide for the oversight and control of gaming by an administrative body funded by license fees and taxes levied on gaming; and prior to July 2040, require 100% of gaming proceeds, in excess of the amount used to pay for an oversight administrative body of gaming, to 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. 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 Senate Bill 105 (2019 RS BR 1152). 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. Senate Bill 105 (2019 RS BR 1152) 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 Senate Bill 105 (2019 RS BR 1152) would reduce employer costs; and

4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of Senate Bill 105 (2019 RS BR 1152) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 105 (2019 RS BR 1152).

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