Local Government Mandate Statement Kentucky Legislative Research Commission 2019 Regular Session

Part I: Measure Information

Bill Request #: 1476
Bill #: SB 158
Document ID #:
Bill Subject/Title: AN ACT relating to the retirement benefits of city elected officials and declaring an emergency.
Sponsor: Senator Whitney Westerfield
Unit of Government: X City X County X Urban-County Unified Local X Charter County X Consolidated Local X Government
Office(s) Impacted: County Employee's Retirement System
Requirement: X Mandatory Optional
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing Port H. Pill Provisions and the Estimated Figure Impact Polating to Legal

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

The Kentucky Retirement Systems (KRS) is comprised of and administers the Kentucky Employee's Retirement System (KERS), the County Employee's Retirement System (CERS), and the State Police Retirement System (SPRS).

SB 158, **Section 1** would amend KRS 61.637 (17) regarding reemployment of KRS retirees to establish that the provisions of that subsection apply to those who retire before January 1, 2019 as well as those who retire after that date.

Section 1 would also establish that a mayor or member of a city legislative body who has no service credit in the CERS but is eligible to retire from one of the other retirement systems administered by KRS due to employment other than as a mayor or city legislative body member, is not required to resign his or her city position in order to begin drawing benefits from any KRS system, including CERS.

SB 158 would amend KRS 61.637 to remove subsection (18), which was declared void by the Kentucky Supreme Court.

KRS 78.540 provides that mayors and members of city legislative bodies may, before they begin serving, decline to participate in the CERS. **Section 2** of SB 158 would amend KRS 78.540 to establish that, should the KRS determine that a mayor or member of a city legislative body **is** required to participate in the CERS (because they failed to timely decline participation, for example), they may choose not to do so. In that case neither the elected city official nor the city on the elected officers' behalf would contribute to the CERS.

SB 158 would have a **minimal positive fiscal impact** on cities that participate in the County Employee's Retirement System. Under current law, if a city mayor or city legislative body member is considered a full-time city employee, the city participating in CERS must contribute to their retirement account. The bill would allow city mayors and legislative body members required to participate in CERS through other covered employment to decline participation in CERS in their elected capacity. Doing so would have a minimal positive financial impact on the city because it would then not be required to contribute to CERS for those elected officials.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, applies to SB 158 as introduced. There is no earlier introduced version to compare it to in Part III.

Data Source(s): <u>LRC Staff</u>

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 2/13/19