Local Government Mandate Statement
Kentucky Legislative Research Commission
2019 Extraordinary Session

Part I: Measure Information

Bill Request #: 10

Bill #: HB 3

Document ID #: 103

Bill Subject/Title: AN ACT relating to employer contribution rates for the Kentucky Employees Retirement System for fiscal yer 2019-2020, making an appropriation therefor, and declaring an emergency.

Sponsor: Representative Angie Hatton

Unit of Government:			
	____ City	**x** County	**x** Urban-County
	x Charter County	**x** Consolidated Local	**x** Unified Local Government

Office(s) Impacted: all that contribute to the support of quasi-governmental agencies that participate in Kentucky Employees Retirement System

Requirement: ____ Mandatory **x** Optional

Effect on Powers & Duties: **x** Modifies Existing ____ Adds New ____ Eliminates Existing

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

HB 3 would extend the current 49.47% of payroll employer contribution rate to the Kentucky Employee Retirement System (KERS) for non-hazardous employees of quasi-governmental agencies through FY 2019-2020. The bill identifies the following quasi-governmental agencies to which it would apply: mental health/mental retardation boards, local and district health departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges, and any other agency eligible to voluntarily cease participating in the KERS pursuant to KRS 61.522.

According to the Actuarial Analysis for 19 SS HB 1, extending the 49.47% contribution rate for quasi-governmental agencies for another year without a corresponding increase in the contribution amount paid by non-quasi agencies would result in $121 million less in contributions to KERS than expected. This would result in a 0.7% increase in the actuarially determined contribution rate to be paid by all employers who participate in KERS beginning FY 2020/2021 and continuing for the next 22 years.

HB 3 would have no direct impact on local governments, since city and county governments participate in the County Employees Retirement System. County governments do have a statutory obligation regarding funding of local and district health departments. Allowing health departments to continue paying less than the full actuarially recommended contribution for another year could have an indirect positive fiscal impact on those counties that financially support a local or district health department.

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

Part II applies to HB 3 as introduced. There is no earlier version with which to compare HB 3.

Data Source(s): LRC staff; GRS Retirement Consulting Actuarial Analysis of 19 SS HB 1

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 7/22/19