



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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January 9, 2020

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

RE: House Bill 137 (2020 RS BR 364)
AA Statement Required by KRS 6.350

AA Statement 1 of 4

Dear Ms. Carney:

House Bill 137 (2020 RS BR 364) proposes to create a new Kentucky Revised Statute Chapter 239 that would, in pertinent part for Kentucky Retirement Systems, establish a wagering administration fund within the State Treasury. The bill states that five percent (5%) of the amounts deposited in the wagering administration fund in excess of oversight costs would go to the Kentucky problem gaming account, with the remaining funds allocated to the Kentucky permanent pension fund established in KRS 42.205. The bill does not specify an end date for the funds to cease being deposited into the Kentucky permanent pension fund, so for the purposes of this Actuarial Analysis it is assumed the revenue will continue to be deposited in perpetuity.

Kentucky Retirement Systems staff members have examined House Bill 137 (2020 RS BR 364). 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 137 (2020 RS BR 364) could potentially reduce the unfunded actuarial liability of the pension plans administered by Kentucky Retirement Systems, as passage of the bill would create a new revenue stream for the Kentucky permanent pension fund that could then be allocated to the pension plans administered by Kentucky Retirement Systems.

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, 2019 are 132,144 active, 140,130 inactive, and 114,437 retired members in the pension systems administered by KRS;
2. There is no estimated change in benefit payments;
3. The additional revenue generated by House Bill 137 (2020 RS BR 364) could reduce employer costs only if the money were allocated to KRS; and

4. There is no estimated change to administrative expenses.

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We have not requested any further actuarial analysis of House Bill 137 (2020 RS BR 364) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 137 (2020 RS BR 364).

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

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

GARY L. HARBIN, CPA
Executive Secretary
502/848-8500



SERVING KENTUCKY TEACHERS SINCE 1940

ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

January 9, 2020

Katie Carney
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: 20 RS HB 137/BR 364

AA Statement 2 of 4

Dear Ms. Carney:

20 RS HB 137, an Act relating to wagering and making an appropriation therefore, would, in part, establish KRS Chapter 239, and amend and create various other statutes to authorize certain forms of sports wagering and to create in the State Treasury a wagering administration fund.

TRS has examined 20 RS HB 137 and determined that it would not increase or decrease retirement benefits, or increase or decrease participation in benefits, or negatively change the actuarial liability of the system.

The wagering administration fund established by the bill would receive licensing, registration and renewal fees, as well as taxes, from wagering operations. A large portion of monies deposited in this trust fund would be allocated to the Kentucky permanent pension fund. This monies in this fund are used only for contributions to the Commonwealth's pension funds. As such, the sole impact of this bill in regard to TRS would be to provide an additional source of funding for the system.

As 20 RS HB 137 does not increase or decrease retirement benefits, or increase or decrease participation in benefits, or negatively change the actuarial liability of the system, TRS has not requested any further actuarial analysis of this bill by its independent actuary.

Please let me know if you have any questions regarding this analysis.

Sincerely,



Robert B. Barnes
Deputy Executive Secretary of Operations and
General Counsel

cc. Christy Young