Local Government Mandate Statement Kentucky Legislative Research Commission 2020 Regular Session

Part I: Measure Information

Bill Request #: 1912						
Bill #: SB 239 GA						
Document ID #:						
Bill Subject/Title: AN ACT relating to local government pension plans.						
Sponsor: Senator Mike M Wilson						
Unit of Government: X City County Urban-County Urban-County Unified Local						
Charter County Consolidated Local Government						
Office(s) Impacted: Any city maintaining a pension fund.						
Requirement: <u>X</u> Mandatory Optional						
Effect on Powers & Duties: Modifies Existing _X Adds New Eliminates Existing						

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

SB 239 GA provides that a legacy city pension fund and a legacy policemen's pension fund or a firefighter's pension fund may offer to their active and retired members or beneficiaries a one-time irrevocable option to convert monthly pension benefits from the fund to monthly annuity benefits from an insurance company for the same amount.

This option is only available if the current pensions have twelve or fewer active and retired members or beneficiaries and the accepting insurance company honors any features and options available under the existing plan. If the governing bodies of the current pension funds elect to offer the option, the governing bodies must provide beneficiaries complete and appropriate disclosures sufficient to make an informed decision.

The fiscal impact of SB 239 GA on local governments is indeterminable.

KRS 90.400 (8) and KRS 95.290, both effective July 15, 1988, provided that any city maintaining a pension plan for employees, including policemen's and firefighter's pension

funds, shall participate in the County Employees Retirement System effective August 1, 1988. The pensions' governing boards provided members hired on or prior to August 1, 1988 the option to retain coverage under the city-administered plan. The memberships of the remaining city-administered plans have diminished over the years. SB 239 addresses those plans with 12 or fewer members. This is an administrative burden to cities. There are cost related to administering these plans and for providing the statutory actuarial requirements necessary for the plans to operate. This bill allows these pension funds to be sold to insurance companies affectively removing the administrative burden and cost from the city.

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

Part II, above, pertains to the GA version. The GA version is the same as the bill as introduced. No amendments or substitutes were adopted when the bill passed its chamber of origin.

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

Preparer:	Wendell F. Butler	Reviewer:	KHC	Date:	3/18/20
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