



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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March 1, 2021

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

RE: House Bill 528 (2021 RS BR 1787)
AA Statement Required by KRS 6.350
AA Statement 1 of 2

Dear Ms. Carney:

House Bill 528 (2021 RS BR 1787) proposes to amend Section 226 of the Constitution of Kentucky to authorize the General Assembly to define, permit, oversee, and regulate all forms of casino gaming; provide for the oversight and control of gaming by an administrative body funded by license fees and taxes levied on casino gaming; and prior to the fiscal year beginning July 1, 2040, allocate 100% of the proceeds generated from licensing fees and taxation of casino gaming in excess of the amount used to pay for oversight and control of casino gaming to the pension funds of the Kentucky Employees Retirement System, Kentucky Teachers' Retirement System, County Employees Retirement System, and State Police Retirement System, or their successors. In the fiscal year beginning July 1, 2040 and thereafter, all proceeds generated from licensing fees and taxation of casino gaming in excess of the amount required for oversight and control of casino gaming may be allocated by the General Assembly as it deems best serves the Commonwealth. 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 House Bill 528 (2021 RS BR 1787). 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 528 (2021 RS BR 1787) could potentially reduce the unfunded actuarial liability of the pension plans administered by Kentucky Retirement Systems or their successors, 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, 2020 are 128,908 active; 148,367 inactive; and 117,665 retired members in the plans administered by Kentucky Retirement Systems;
2. There is no estimated change in benefit payments;

3. The additional revenue generated by House Bill 528 (2021 RS BR 1787) could reduce employer costs; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 528 (2021 RS BR 1787) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 528 (2021 RS BR 1787).

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