



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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March 2, 2021

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

RE: House Bill 594 (2021 RS BR 1610)
AA Statement Required by KRS 6.350
AA Statement 1 of 2

Dear Ms. Carney:

House Bill 594 (2021 RS BR 1610), in pertinent part, proposes to create new sections of Kentucky Revised Statute 154A to establish initial licensing fees for full casinos and limited casinos to be paid to the corporation for casino licensing. Amounts paid in excess of the corporation's oversight and administration of casino licensure will be allocated to the Kentucky Employees Retirement System Nonhazardous pension fund (KERS Nonhaz), the Kentucky Employees Retirement System Hazardous pension fund (KERS Haz), and the Kentucky Teachers' Retirement System in amounts the General Assembly determines best meet the needs of the respective funds at that time. The bill would also create a new section of KRS Chapter 154A to establish the casino gaming revenue distribution trust fund in the State Treasury. For the ten (10) fiscal years after the effective date of the Act all revenue deposited in the trust fund in excess of the amount required for oversight and administration of casino gaming will be appropriated to the KERS Nonhaz pension fund, the KERS Haz pension fund, and the Kentucky Teachers' Retirement System in amounts the General Assembly determines best meet the needs of the respective funds.

Kentucky Retirement Systems staff members have examined House Bill 594 (2021 RS BR 1610). 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 594 (2021 RS BR 1610) could potentially reduce the unfunded actuarial liability of the KERS Nonhaz and KERS Haz pension plans administered by Kentucky Retirement Systems, as passage of the bill 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 31,190 active; 48,583 inactive; and 43,592 retired members in the KERS Nonhaz plan; and 4,112 active; 5,838 inactive; and 3,242 retired members in the KERS Haz plan;
2. There is no estimated change in benefit payments;

3. The additional revenue generated by House Bill 594 (2021 RS BR 1610) 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 594 (2021 RS BR 1610) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 594 (2021 RS BR 1610).

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