Local Government Mandate Statement
Kentucky Legislative Research Commission
2022 Regular Session

Part I: Measure Information

Bill Request #:   __40__

Bill #:   HB 49 GA

Document ID #:   5276

Bill Subject/Title: AN ACT relating to changes in pension payments due to overtime worked during a local emergency and declaring an emergency.

Sponsor: Representative Jerry T. Miller

Unit of Government: __X__ City   __X__ County   __X__ Urban-County

          __X__ Charter County   __X__ Consolidated Local   __X__ Unified Local Government

Office(s) Impacted: All local governments who are members of the Kentucky Public Pensions Authority.

Requirement: __X__ Mandatory   ____ 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

For purposes of calculating pension benefits, HB 49 GA extends the current practice of allowing overtime attributable to a state of emergency and that increases creditable compensation by 10% or more over the preceding year to include overtime earned attributable to an emergency as declared by a local government in which the Governor authorizes mobilization of the Kentucky National Guard.

Exempts the first 100 hours of mandatory overtime that an employee is required to work during a fiscal year from the anti-pension spiking provisions. The exemption does not apply to overtime hours voluntarily worked by the employee.

Makes retroactive to May 28, 2020, the exemption for increases in compensation attributable to overtime resulting from a state of emergency declared by the President or when the Governor mobilizes the Kentucky National Guard.

Since HB 49 GA contains an emergency clause, the bill will be effective on its passage and approval by the Governor or upon its otherwise becoming law.

Fiscal Impact:
The Kentucky Public Pensions Authority (KPPA) completed an actuarial analysis for HB 49 HCS 1 and it is attached to the bill. KPPA staff and their independent actuary have reviewed the HCS 1 Version of House Bill 49 (2022 RS BR 40). Since the proposed legislation states only the first one hundred (100) hours of mandatory overtime that the employee is individually required to work by the employer during a fiscal year is exempt from pension spiking, there is no measurable impact to any of the pension funds maintained by KPPA. **Therefore, it would <u>not</u> amend the previous actuarial statement provided for this legislation.**

Whereas the HCS 1 version is identical to the GA version, the Actuarial Analysis of House Bill 49 (2022 RS BR 40), dated January 24, 2022, is applicable to House Bill 49 (2022 RS BR 40) – GA Version. The section of the January 24, 2022, AA statement that details the impact is notated below:

Kentucky Public Pensions Authority (KPPA) staff members and the Authority's independent actuary have examined House Bill 49 (22 RS BR 40). We have determined that the bill may increase benefits for participating members within Tier 1 and Tier 2 of the Kentucky Employees Retirement System, County Employees Retirement System and State Police Retirement System. It will not impact the participation in benefits in any of the retirement systems administered by Kentucky Public Pensions Authority. House Bill 49 (22 RS BR 40) is not expected to have a measurable fiscal impact on any of the KERS, CERS, or SPRS funds.

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

HB 49 GA keeps all the provisions of HB 49 HCS 1.

HB 49 HCS 1 keeps all the provisions of HB 49 as introduced and adds the following:
- Exempts the first 100 hours of mandatory overtime from the anti-pension spiking provisions. The exemption does not apply to overtime hours voluntarily worked by the employee.
- Makes retroactive to May 28, 2020, the exemption for increases in compensation attributable to overtime resulting from a state of emergency declared by the President or when the Governor mobilizes the Kentucky National Guard.

Part II refers to HB 49 as introduced. There are no prior versions.

Data Source(s):   LRC Staff, Kentucky Public Pensions Authority

Preparer: Wendell F. Butler - ms   **Reviewer:**   KHC   **Date:**   3/15/22