KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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Kentucky Public Pensions Authority

March 4, 2022

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

RE: House Bill 610 (2022 RS BR 1589)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5

Ms. Carney:

House Bill 610 (2022 RS BR 1589) proposes to create a new Kentucky Revised Statute Chapter 239 that would, in pertinent part for Kentucky Public Pensions Authority, establish a wagering administration fund within the State Treasury. The bill states that amounts deposited in the wagering administration fund in excess of oversight costs would be 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 depositing 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. The Bill Request has an Emergency clause, and would take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Kentucky Public Pensions Authority (KPPA) staff members have examined House Bill 610 (2022 RS BR 1589). 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 KPPA. House Bill 610 (2022 RS BR 1589) could potentially reduce the unfunded actuarial liability of the pension plans administered by KPPA, as passage of the bill would create a new revenue stream for the Kentucky permanent pension fund that could be allocated to the pension plans administered by KPPA.

In accordance with KRS 6.350(2)(c), Kentucky Public Pensions Authority certifies the following:

1. The estimated number of individuals affected as of June 30, 2021 are 123,809 active members, 155,506 inactive members, and 121,728 retired members in the plans administered by KPPA;

2. There is no estimated change in benefit payments;

3. The additional revenue generated by House Bill 606 (2022 RS BR 1000) could reduce employer costs only if the money were allocated to the systems operated by KPPA;

4. There is no estimated changes in administrative expenses.

We have not requested any further actuarial analysis of House Bill 610 (2022 RS BR 1589) by the Authority's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 610 (2022 RS BR 1589).

Sincerely,

David Eager

Dave L. Eager
Executive Director
Kentucky Public Pensions Authority

JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

March 8, 2022

Ms. Katie Carney

Director's Office

Legislative Research Commission

Capitol Annex, Room 104

Frankfort, KY 40601

RE: HB 610 - AN ACT relating to entertainment activities
AA Statement 3 and 4 of 5

Dear Ms. Carney:

Judicial Form Retirement System (JFRS) staff have reviewed **HB 610 (BR 1589)**, which proposes to create a new

Kentucky Revised Statute Chapter 239 that would establish a wagering administration fund within the State Treasury. The legislation provides that a portion of any excess funds remaining in the administration fund, after oversight costs, are allocated to the Kentucky permanent pension fund established in KRS 42.205.

Staff have determined **HB 610** would not increase or decrease benefits, or increase or decrease participation in benefits, or change the current actuarial liability of either plan administered by JFRS. The legislation, if passed, would appear to create an additional source of revenue, which could be used to address unfunded actuarial liabilities.

In compliance with KRS 6.350(2)(c), the Judicial Form Retirement Systems (the agency in charge with the administration of JRP and LRP) certifies the following:

1. There has no individuals affected. As of June 30, 2021, there were a total of 601 individuals participating in JRP and 393 individuals participating in LRP.

2. There is no change in benefits.

3. There is no change to current employer costs. Additional revenue could reduce future employer costs depending on allocation process and amount of funds received.

4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of HB 610 (BR 1589) by the Systems' independent actuary. Please let me know if you have any questions regarding this analysis.

Sincerely,

Bo Cracraft

Executive Director

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